



**FROM PATRONAGE TO PARTNERSHIP – BUILDING A
NEW RELATIONSHIP WITH THE VOLUNTARY AND
COMMUNITY SECTOR**

**A CONSULTATION PAPER PRODUCED BY BRENT
COUNCIL**

JULY 2003

INTRODUCTION

This consultation paper proposes a change in the Council's relationship with our partners in the voluntary and community sector. Based on the findings of a number of internal and external reviews of the work of the Council's voluntary sector team and upon an analysis of good practice, the Council proposes a modernisation of the relationship and a shift from patronage towards partnership. The document outlines proposals to change both the type of funding available to organisations, the funding relationship and the priorities upon which funding decisions will be made.

We are seeking your views on our proposals in a genuine attempt to ensure that we secure the most effective and constructive relationship with our partners in the voluntary sector - a relationship that reflects the values of the 21st century and that maximises the impact we can achieve for Brent residents from the resources we have at our disposal.

CONSULTATION PROCESS

This document outlines the proposed changes and identifies the specific issues upon which we seek your views. The consultation process will run until and will be augmented by a conference in September at which you will have an opportunity to discuss the proposals with Councillors and officers.

You can comment in a number of ways:

- Participation in the September conference
- Writing to the Voluntary Sector Unit using the Free post address
- Commenting on line at www.brent.gov.uk/

The closing date for receipt of your comments is.....

After this time your comments will be considered and a final document outlining the proposals will be considered by the Council's Executive. We expect the changes to come into effect from April next year.

CURRENT POSITION

The Council currently provides a total of £4,208,590 annually in direct funding to 118 voluntary sector organisations. This means that a significant number of other local organisations do not receive any financial support whatsoever from the Council. Some of the organisations that receive funding have done so for a number of years despite having significant additional resources at their disposal. *The Council wishes to examine the validity of these existing relationships to ensure that those groups not currently in receipt of Council support are not being unfairly discriminated against.*

Funding arrangements vary from direct grants to contractual or quasi-contractual agreements. *We would like to examine the different funding relationship we have with groups to ensure they offer flexibility that can benefit all parties.*

The Voluntary Sector Support Team, now located within the Education, Arts and Libraries department, administers the main grants budget and is responsible for managing and developing the Council's strategic relationship with the voluntary sector. The Council also provides support for the sector through funding the Brent Association for Voluntary Action and through management of the Voluntary Sector Liaison Forum. *The Council would like to examine alternative support that can be offered to the sector – there are a number of other funding agencies that can provide resources to Brent groups and it is by no means clear that Brent is getting its fair share of these resources.*

WHAT ARE THE PROBLEMS?

A number of persistent difficulties have been revealed in recent studies both of the relationship between the Council and the voluntary sector and of the grants process itself. In summary, these issues are:

- the relationship between the Council and the voluntary sector continues to be strained and there is much to do to improve the effectiveness of partnership working
- grants are allocated on a primarily historical basis and the relationship between the grants awarded and Council priorities is not obvious
- the funding process is not transparent or well understood
- there is little clarity about the full level of support available to organisations that apply for funding.

STUDIES

Voluntary Sector Strategy 1997:

- Improve resource allocation and grant aid
- Strengthen liaison and joint working arrangements
- Establish a voluntary sector unit for Brent
- Promote the development of Brent's voluntary sector
- Improve member-voluntary sector links

Best Value Review 2002:

- Although decisions about funding are generally linked to Council priorities this is not widely understood
- The overall relationship between the Council and the voluntary sector has been strained and there is still work to be done to develop effective partnership working
- Funding process and the priorities that underlie decision making are not sufficiently well understood
- Funding decisions need to be transparent and fully explained
- Groups need to be encouraged and supported to seek alternative or additional sources of funding

Review of Main Programme Grants 2002:

- Establish full level of support from across the Council received by each organisation
- Incremental approach to change in grant process, the logic of which is clearly explained to all is necessary
- grant making criteria must be revisited, revised and made clear
- agree performance indicators as an additional part of future monitoring
- Improved management processes to become a central element of organisational development
- Longer term funding time frames
- Monitoring should become lighter touch
- The introduction of differential monitoring for small and large scale grants
- Longer term planning with organisations to reduce dependency on Council funding
- Top slicing of grant fund for new organisations
- Grant funding to reflect Council and partner priorities

RESPONDING TO THE CHALLENGES

The Council wishes to modernise its relationship with the voluntary and community sector to address these persistent problems and to reflect the changing service provision environment. The relationship between the Council and the voluntary sector has changed with a new spirit of co-operation and joint working inspired by the establishment of Brent Action for Voluntary Aid (BrAVA) and Partners for Brent, Brent's Local Strategic Partnership. Whilst still at an early stage, it is clear that the existence of Partners for Brent offers all local service providers; statutory, private and voluntary and community sectors; the opportunity to develop a mature and equal role in decision-making and policy-planning at the highest level. Clearly this increased responsibility must have a significant impact upon the role and accountability of all players, but most especially upon the voluntary sector which, whilst wishing to maintain its independence and lobbying function, can also bring a depth of local knowledge to the decision making process

Statement of Intent

The Council proposes the following statement of intent to guide its relationship with the voluntary sector:

- The Council will develop a relationship of equals with the voluntary and community sector within which all parties recognise and adhere their respective rights and responsibilities
- The Council's relationship with the sector, funding or otherwise, will be strategically determined.
- The local authority will no longer be the funder of choice and does not aspire to fund all applicants
- The Council wishes to end the hitherto existing relationship of dependency it has had with a number of organisations
- The Council will adhere strictly to strategic funding principles and will not be influenced by lobbying activity
- The Council will develop a dynamic funding relationship with those it agrees to support.
- The Council's relationship with the sector will become more strategic and will move on from simply financial

Principles for Funding

During the process of this review a number of examples of best practice have been considered in order to develop a well-informed strategic approach to the relationship the Council enjoys with its partners in the voluntary and community sector. A number of principles for funding have emerged from the various reviews and the Council proposes the adoption of these principles:

- Any decisions need to be open and accountable.
- The historical funding basis needs to be changed with support for the development of new organisations.
- Funding decisions should be linked to corporate priorities.
- Funding should be primarily seen as allowing organisations to focus on capacity building and funding alternatives or to deliver specific outputs.
- An incremental approach to changes in funding levels is required.
- Longer term funding time frames should be considered to give organisations realistic planning time horizons.
- Allocation of resources should be against clear and consistent criteria including value for money.
- Organisations should be committed to maintaining high standards of financial and legal governance, accountability and conduct.
- Organisations should develop performance indicators with targets that represent significant step-change and continuous improvement.
- In taking funding decisions, consideration should be given to the totality of other support received from the Council.

TELL US WHAT YOU THINK

- Do you think the statement of intent and principles for funding are fair and will address some of the problems that have been identified in studies of the Council's relationship with the voluntary and community sector?
- Are there other issues that you think should be addressed in the statement of intent or principles for funding?

Types of funding

It is likely that in future funding arrangements will be more tightly determined with a distinction to be made between a number of specific funding pots. An organisation's funding allocation may be made up of a number of different elements and will inevitably vary over time reflecting ongoing monitoring and changing needs. The following appear to be the likely categories under which funding could be considered.

Core funding

A contribution to the running costs of the organisation. This is likely to be considered:

- Where the existence of the organisation itself is critical to the delivery of strategic priorities which are not directly funded by the Council under contractual relationship
- Where the investment brings net benefit to the community – and where the delivery of the benefits from an alternative source would incur higher cost to the council
- Where the Council is a 'funder of first resort' – enabling the organisation to secure additional funding from elsewhere

Strategic Partnering

The Council enters into a long-term relationship with an organisation in order to deliver specific outcomes, via contract or SLA, and makes a contribution to the core costs of the organisation. This is likely to be considered where

- The organisation is seen as the most appropriate to deliver a long-term objective for the Council/partners
- The organisation will be vulnerable if core funding is not made available
- The delivery of the objectives will be jeopardised if the organisation is forced to spend time securing core funding from other sources

Project funding

The Council negotiates specific projects with organisations to deliver specific outcomes on a short or a long-term basis

Match funding

A local organisation has secured funds from alternative sources subject to a contribution of match funding. This is likely to be appropriate where the investment from the Council is proportionately much less significant than the total funding package that can secure the achievement of priority objectives.

Seed Funding

The Council/partners (including voluntary sector) identify new or emerging needs and no existing organisations have the capacity or expertise to respond. The Council will provide financial and officer support to secure the development of these new organisations – including advice on alternative sources of funding. It will probably subsequently enter into strategic partnering arrangements.

TELL US WHAT YOU THINK

- Do you think that these different types of funding will be beneficial for the voluntary sector?
- Do you think these funding relationships make the roles and responsibilities of the Council and of the sector easier to understand?
- Are there other types of funding that you think should be considered?

Making the Change - How Funding Could Operate

We set out below our proposals as to how funding of voluntary organisations would operate.

Terminating All Existing Grants

To facilitate the position where all grant applications are considered against specific corporate priorities, existing grants to groups funded from the current main programme should cease and not roll forward almost automatically as has been past practice. For a number of organisations the sudden loss of grant funding, which had become an expectation over a number of years, could have serious consequences for its services and indeed its future existence, **IF THEY DO NOT SUCCEED IN GAINING REPLACEMENT GRANT FROM THE NEW PROCESS.** To avoid such hardship to groups the Council has valued during a long partnership, current funding will need to be withdrawn on a phased basis. A maximum three-year period is suggested. However, most organisations have demonstrated their resilience in living within changing resources and have been creative in finding funding from other sources so the impact should not be over-estimated.

A set of tests will be agreed, with the voluntary sector, to assess what a reduction and eventual ending of grant will realistically mean for an organisation and the services they provide. This would then be utilised to formulate recommendations to Members on whether and how grant loss will be phased. It will be based on the following areas:

- What benefits does this organisation provide for Brent and its citizens?
- Has the organisation fully complied with the Council's grant conditions in the past?
- Does the grant to be terminated exceed the organisation's variable costs?
- If the funding was for a specific project what are the costs to the organisation of ending this work?
- If the services provided are to be reduced or ended as a result of changes in grant levels can they be accessed elsewhere?
- What viable options are open to the organisation to replace the funding from another source?
- Does the organisation hold significant reserves?
- Is the organisation likely to be successful in obtaining grant from the Council against the new criteria if not now but in the future?
- Does the organisation receive funding from other sources within the Council?

Providing Funding for More than One Year

Previous reports have highlighted that a commitment by the Council to provide funding for more than a single year to an organisation has a number of advantages for both parties. A standard period of three years has been suggested, although this would only be appropriate for a proportion of the groups supported. The Council is not in a position where it can provide an absolute guarantee of resources beyond a 12-month period, given the revenue budget is set annually and the huge number of competing demands on Council resources. The grants budget is primarily discretionary and therefore an area of flexibility, which is becoming increasingly limited, to generate savings.

However, the rolling Medium Term Financial Strategy does provide the Council with the framework whereby it could commit to an amount from the grants budget for the forthcoming 3 years. As an example, in agreeing the 2004/2005 grants budget a maximum, of say 30%, of the budget available for new grants could be committed for 2005/2006 and 2006/2007 to certain organisations awarded grants in 2004/2005. This would be payable in future years provided agreed outcomes being achieved for the period in question linked to an SLA. Given the anticipated turnover of organisations being funded such an approach would still allow Members to make savings from the grants budget if required. In circumstances where an organisation is offered a grant for more than one year there would be no need to apply annually for the same project. Progress of the organisation in meeting the requirements of an SLA would be part of regular monitoring reports.

Safety Net/Contingency Arrangements

The nature of the new arrangements could be very much more dynamic than the current situation, whereby grants are agreed annually and Members receive little further information until the next round of applications. Linking funding directly to corporate priorities will mean as these change Members may wish to part fund a new organisation or project later in the year. Alternatively an organisation may run into unexpected financial hardship which the Council would wish to address. It is recommended therefore that a small amount of safety net budget is held back for these type of occurrences. 2.5% is suggested which amounts to £28,500 of this year's budget.

How the Budget Might Be Allocated

The table below sets out how the available grants might be distributed on a percentage basis. It assumes:

- A group currently funded would have a reduction of grant to zero by 2006/2007 at the latest (see paragraph 6.2). 25% of the 2003/2004 level in year 1 and 37.5% in years 2 and 3. This would free up an increasing proportion of resources for distribution as new grants albeit to some organisations in this category.
- New grants would be divided under the five headings in paragraph 5.1 and differing proportions allocated under these categories according to priorities in each financial year. No assumptions of the split are made for the purpose of this illustration and in practice it is likely they will form a guide to the types of funding to be allocated rather than a rigid cash limit for each category.
- A proportion (30% in this example) of these new grants would be payable for up to 3 years based on an SLA.
- A small safety net would be held. If this were not utilised it would be carried forward into the following year.
- The overall budget is at the same level over the 3-year period.

Distribution of Main Programme Grants Budget			
	2004/2005 %	2005/2006 %	2006/2007 %
Current Organisations	Up to 75	Up to 37.5	0
Safety Net and Contingency	2.5	2.5	2.5
3 Year Grants		6.75	18
New Grants			
Core Funding			
Strategic Partnering			
Project Funding			
Match Funding			
Seed Funding			
Total New Grants	22.5	53.25	79.5
Grand Total	100	100	100

Other Issues

Under the current grant conditions organisations are generally funded quarterly irrespective of whether desired outputs, which often formed part of the original application, have been achieved. In some cases a percentage of grant, say 20%, could be withheld to help ensure targets are met and then released in the following financial year based on performance. This will be reliant on appropriate agreements, probably an SLA, being in place.

The proposals contained within this paper will require close and open contacts between the Voluntary Sector Unit and the organisations. There is a strong case for adopting a “*lighter touch*” for those groups receiving £2,000 or less from the Council and concentrating resources in negotiating with and monitoring outputs of those groups that receive the larger grants. Essentially grants at this lower level would normally come under the category of seed funding. Such an approach has previously worked successfully with the use of the Development Fund.

Support received from sources other than the main grants budget should be taken in account when agreeing main programme grant allocations (see Section 2). Grant officers could review this on a case by case basis when formulating recommendations for Members. A number of principles should apply:

- Different parts of the Council or external funders should not be providing resources without information on the totality of income received by an organisation. This should be part of any grant application and a responsibility for Voluntary Groups to inform the Council of any changes to that initial position.
- The main programme grants budget should be “*provider of last resort*”. If other sources of funding are potentially available organisations should be encouraged and supported to access these. For example it may be better to provide an organisation discretionary rate relief than provide a direct grant.
- Organisations, which receive preferential terms on Council property occupation, should be required to pay a charge comparable with any other body using the site. This will need to be phased, as there are often difficult legal issues to resolve given the length of time some of these arrangements have been in place. However, it provides a clearer base position on which to agree grants as it highlights the full level of financial support provided. It should have no impact on the Council bottom line to the extent that if an organisation pays an additional £5k in rent then its grant could be increased by the same amount. The latter would be a decision for Members linked to priorities in the overall grant programme.

The Main Programme Grants budget for 2003/2004 was not agreed until 10th March 2003. It is hoped, given the number of new organisations that are likely to be funded, the Council will be able to take earlier decisions to give them a longer time frame to plan to meet agreed objectives. It is therefore proposed that a provisional decision on the allocation of grants, at least for most groups, be taken in December or January with final confirmation at the Council Tax setting meeting in March.

It has to be recognised that the current Voluntary Sector Unit has insufficient resources to manage its new responsibilities. Either new funding will have to be found or the current grant budget top-sliced.

TELL US WHAT YOU THINK

- Do you agree that existing funding should be withdrawn over a three-year period?
- Do you agree with the tests that will be applied to assess the impact of the withdrawal of grant funding?
- Do you agree that funding should be available over a standard three-year period?
- Do you think the Council should set up a safety net budget and is 2.5% of the budget enough?
- Do you agree that the delivery of outputs should be monitored and that failure to deliver should result in a proportion of grant being withheld – do you agree that this should be 20%?
- Do you agree that organisations receiving smaller grants should receive 'lighter touch' monitoring?
- Do you agree with the proposal to take into account funding from other sources when assessing an application for grant funding from the Council?

Priorities and Criteria for Funding

The paragraphs below outline the proposed priorities for which grant funding may be applied.

In future it is proposed that in all circumstances, the project/organisation seeking funding should deliver outputs/outcomes that contribute to the achievement of the Council's priorities as detailed in the corporate strategy. It is the council's intention to secure a valuable partnership with the voluntary and community sector. By focussing their funding on the key priorities in the Borough local organisations will engage in a strategic and professional relationship with the council and the Local Strategic Partnership. It is proposed that in future all funding will be directed towards the achievement of one or more of the following:

<p><i>Supporting children</i></p> <ul style="list-style-type: none"> • Health care – children and families • Play facilities • Parenting skills • Child care • Increased educational achievement • Stability for looked after children • Employment, education, training outcomes for children looked after • Education and training post 16 • Citizenship • Listening to young people 	<p><i>Promoting quality of life and the green agenda</i></p> <ul style="list-style-type: none"> • Maximise affordable quality housing • Improve pavements • Improve parks • Reduce environmental crime • Waste management and recycling • Road accidents • Improve transport • Reduce congestion • Improve arts, leisure, sport and cultural activities • Increase involvement of older, disabled people and those with mental health problems • Reduce health inequalities for most vulnerable • Improve quality of life of most 'disadvantaged' – definition
<p><i>Regeneration and the priority neighbourhoods</i></p> <ul style="list-style-type: none"> • Reduce the gaps between Brent's deprived communities and the rest of London in particular in the most deprived neighbourhoods • Reduce unemployment levels across the borough to below the London average, • Increase income levels across Brent to above the London average • Promote a landmark development of regional and national significance at Wembley, • Ensure consistently high quality of life for all residents of Brent • Take positive preventative action in those areas most at risk of falling into decline in the future 	<p><i>Tackling crime and community safety</i></p> <ul style="list-style-type: none"> • Residential burglary • Street crime • Violent crime • Gun crime • Children as victims and perpetrators of crime • Drug and alcohol abuse • Fear of crime • Promote alternatives to crime

The ambitions of the corporate strategy are broad and will not lead to any clear prioritisation in the use of the grant programme. In an effort to address this it is proposed that in future all grant applications should **clearly specify the outputs/outcomes** that the grant will deliver, *full* payment of the grant will be dependent upon the achievement of these outputs.

To further assist the targeting of the grant programme a number of options could be considered:

- *Focusing the budget on specific themes of the corporate strategy* for each annual application round. This would mean that the whole of the Main Grant Programme could be allocated to projects that address the particular element of the corporate strategy in any given year. Thought would need to be given to the length of time the theme would apply for and the length of funding
- *Funding for all corporate strategy themes but focussing on some of the specific priorities* under each theme. This could link to the delivery of the PSA or the CPA improvement plan. For example, under the supporting children theme the following are priorities for the PSA:
 - Increased educational achievement
 - Stability for looked after children
 - Employment, education, training outcomes for children looked after
 - Education and training post 16
 - In this way the grants budget could be focussed on the achievement of some of the Council's highest priority objectives.
- *Funding for all corporate strategy themes but focussing on the priority neighbourhoods.* This would focus the grant budget in those areas that experience the highest levels of deprivation. However, funding allocated to these areas must compliment the significant investment being made in the priority neighbourhoods via the Neighbourhood Renewal Fund.
- *Funding for all corporate strategy themes but focussing on those neighbourhoods at risk of decline.* Members may feel that sufficient resources are already available in the priority neighbourhoods and that the grant programme should be focussed in those areas at risk of decline – research is to be undertaken in the next few months to identify those areas at risk
- *Link the corporate strategy themes to a geographical distribution* of funds in order to further prioritise the targeting of the budget.

For all of the options, consideration would need to be given to the time span for the funding priority and how the length of grant would dovetail with a change to the funding priority

In some circumstances funding may be allocated outside of the main priorities where it is apparent that the project is designed to meet a *new and critical need* which is not covered by the corporate strategy priorities.

The prioritisation should be flexible and adjusted to meet the changing priorities of the Council, thus reflecting the impact of use of the grant budget. This assumes a sophisticated means of measuring the impact of projects on the ground and will have implications for both the Voluntary Sector Unit and the groups applying for funding themselves.

The Council would also like to give consideration to the extent to which it wishes to determine those applications for funding from organisations that apparently meet the funding criteria. There appear to be two options

- Funding awarded on first come first served basis – qualifying applications are acceptable up to the limit of the fund available.
- Ranking of all applications received up to the closing date. Criteria under this model could include:
 - *Geographical coverage – where this is not an initial qualifying criterion (in this context, a project covering the whole borough may be considered a priority)*
 - *Quality of outputs – specialist service not generally available*
 - *Quantity of outputs*
 - *Value for Money*

TELL US WHAT YOU THINK

- Do you agree that funding should be based on the Council's corporate strategy priorities?
- Which of the proposed methods for targeting elements of the corporate strategy do you prefer?
- Do you have any other suggestions as to how grant funding can be targeted?
- What do you think about proposals to determine applications that meet the funding priorities criteria?

ALTERNATIVE SUPPORT

The Council is keen to ensure that the modernisation of its relationship with the voluntary and community sector is not seen as an exercise to reduce funding. We want to be sure that our grants are used in the most economic and effective way and that there is an open, honest and transparent grant application and assessment process that secures equality of access for all. However, we are aware that it will not be possible to meet all of the financial demands of the sector and that a number of organisations may see their relationship with the Council change. The brochure attached to this paper outlines the range of support currently available.

In order to maximise our support for the voluntary and community sector, and in recognition of the impact of these changes may have, the Council wishes to expand the non-financial support that it is able to provide to local organisations. Whilst further work will need to be undertaken to determine the range of support to be made available, the Council is seeking the views of the sector on the kind of support it would find most beneficial. Likely support would include:

- Support in establishing an organisation
- Support in identifying appropriate funding
- Help in applying for external funding
- Networking and mentoring opportunities
- Development of management/monitoring systems

TELL US WHAT YOU THINK

- Do you think the Council should expand the type of support it currently offers to local organisations?
- What kind of support would you find useful?

CONTACT US

This consultation document has been prepared by the Council and will be distributed to all local voluntary and community organisations and their representative bodies. If you would like to discuss any element of it further please contact one of the following officers:

Jamal Ettetuani	Team Leader, Voluntary Sector Support Youth and Voluntary Sector Support Service Bridge Park Centre Brentfield, Harrow Road London NW10 0RG	020 8937 3675
Elizabeth Rand Greaves	Head of Youth and Voluntary Sector Support Service Bridge Park Centre Brentfield, Harrow Road London NW10 0RG	020 8937 3960
Karen Tyerman	Assistant Director Education Arts and Libraries Chesterfield House 9 Park Lane Wembley HA9 7RJ	020 8937 3146

