



Executive
16th July 2007

**Report from the Director of
Policy and Regeneration**

For Action

Wards Affected:
ALL

Voluntary Sector Funding – Task Group Report

Forward Plan Ref: PRU-07/08-02

1.0 Summary

- 1.1 This report brings before the Executive a report from a Task Group set up by Overview and Scrutiny Committee to review how the Council funds the Voluntary Sector through its Main Programme Grant. The Council's Main Programme Grant fund provides just under £1million per year in grants to local voluntary agencies. The Voluntary Sector Funding Task Group has made recommendations for the reform of how grant funding is distributed, and the Executive is now asked to consider these recommendations.

2.0 Recommendations

- 2.1 That the Executive notes and comments on the recommendations as set out in the Voluntary Sector Task Group report.
- 2.2 That officers are asked to take these recommendations and comments into account in developing an Action Plan for revising the Council's Main Programme Grant application process, to be submitted to the Executive in early autumn for their consideration.
- 2.3 That members of the task group be thanked for their work.

3.0 Background to the Task Group's Recommendations

- 3.1 The Council's Main Programme Grant fund provides just under £1million per year in grants to local voluntary agencies. Much of the funding is allocated on an 'historical' basis and for a number of years there has been little change in the organisations that receive funding, and the levels of funding provided. It is very difficult for currently unfunded organisations, emerging communities or new organisations to access Council resources which leads to questions about equality and whether the Council is getting the best value it can for the money it spends supporting the council's strategic objectives and Community Plan
- 3.2 The task group was made up of a member from each political party. They started their work in January and received evidence from:
- Mike Bibby – Strategy Planning & Performance Manager Housing & Community Care
 - Beverleigh Forbes- Voluntary Sector Team Manager
 - Brent Association for Voluntary Action (BRAVA)
 - The West London Network
 - Individually with some currently funded and non funded organisations
 - The Council's Voluntary Sector Liaison Forum
 - The Council's BME Forum
 - They also looked at how other authorities operate – this included telephone research and site visits.
- 3.3 It was clear from their discussions with the Voluntary Sector individuals and organisations that there is a consensus of opinion about what the main issues are and about the need for change in the process for allocating the Main Programme Grant funds is required.
- 3.4 The task group's deliberations, findings and recommendations focused on the following areas:
- a) Co-ordinating the council's approach
 - b) Establishing Funding Priorities
 - c) Length of funding period
 - d) Applications, Assessment and Monitoring
 - e) Capacity Building and the Voluntary Sector Team
- 3.5 The task group realise that there are some difficult decisions ahead and that whatever process is used for allocating Main Programme Grants, there are likely to be winners and losers. To cushion the impact on currently funded organisations the task group have recommended a phased introduction of any change.

3.6 The task group recognises that a number of their recommendations will incur additional expense, in particular in relation to holding an annual Funders Fair, an additional resource for 'seed corn' capacity building, and support for the Voluntary Sector team to implement changes introduced as part of the review of Main Programme Grants. The task group would also support additional resources to ensure that Grant Tracker, the Voluntary Sector Teams new grant tracking software, is fully implemented and works effectively.

3,7 The following recommendations were agreed by the Overview & Scrutiny Committee 30th May 2007

4.0 Recommendations from the Task Group

4.1 That an overarching Voluntary Sector Strategy is developed that clearly sets out what the council is trying to achieve in the way it works with and funds the voluntary and community sector to achieve more for local people. The strategy should:

- a. Provide clear links to the Sustainable Community Strategy, the Corporate Strategy and the Local Area Agreement
- b. Set out all of the different types of funding available from the council
- c. Ensure meaningful engagement with the voluntary and community sector when developing priorities for funding
- d. Provide a framework for supporting and developing a vibrant voluntary and community sector through capacity building initiatives
- e. Encourage partnership working by providing a framework for the implementation of Brent's voluntary sector compact.
- f. Define the role of the council's voluntary sector team and other relevant sections of the council
- e. Promote equity, equality and diversity.

The Voluntary Sector Team should lead on developing this strategy with input from other parts of the council including the Policy and Regeneration Unit. The Overview & Scrutiny Committee to receive an update on the strategy in six months.

4.2 That the council holds an annual event or conference with the voluntary and community sector with the aim of enhancing relationships and building trust.

4.3 That consideration should be given to phasing the introduction of the proposed changes to the funding process over a period of up to three years and that no organisation that is currently funded has all of their funding withdrawn immediately, unless there are issues relating to performance.

4.4 That within the context of the Sustainable Community Strategy, the Corporate Strategy and the LAA the council should be more specific about what services it wants to fund from the Main Programme Grant and identify the outcomes

and outputs it expects from the funding it provides. The council should allocate specific amounts of money for each priority.

- 4.5 That the allocations of resources should be on the basis of analysis of need based on robust evidence and that the voluntary and community sector are able to feed into that process, through information they have gathered via their direct contact with Brent residents.
- 4.6 That funding provided under the new funding process should be awarded for a period of three years, with service level agreements that are monitored annually prior to funding being released. An increase for inflation should be added each year.
- 4.7 That the Voluntary Sector Team ensures that the application and assessment process be as transparent as possible by:
- a. Advertising spending priorities and inviting applications as widely as possible including: The Funder's Fair, the Internet, the Brent Magazine, Brent Brain, via Brava and the local press. This should:
 - o Include a clear time line for applications.
 - o Be sufficiently in advance to enable applications to be processed and agreements made well before the end of the financial year.
 - b. Providing clear written guidance to applicants on how to complete the application form.
 - c. Being clear about assessment criteria prior to applications being invited e.g. the use of a points system.
 - d. Sufficient checks to ensure that there is no duplication of applications
 - e. Providing feedback to unsuccessful applicants on how to improve future applications
- 4.8 That monitoring should take place at least once per year and should focus on outcomes and outputs including through:
- a. Self assessments against agreed targets.
 - b. Annual Voluntary Sector Team visits to a selection of organisations, clients and users.
- 4.9. That the Executive considers allocating an additional amount equivalent on 15% – 20% of the current Main Programme Grant as 'seed corn' capacity building money to help the development of voluntary and community sector groups where there are emerging needs, communities and organisations. This should be provided for 3 years on the understanding that this will cease thereafter.

- 4.10 That an annual Funder's Fair is established with the aim of bringing together all funding organisations operating in the area and the voluntary and community sector.
- 4.11. That there is a review of the role of the Voluntary Sector Team and the role of Brava to ensure that there is greater clarity and to avoid duplication particularly in relation to capacity building.
- 4.12. That the Voluntary Sector Team is provided with a period of stability and as we recognise that a number of our recommendations will incur additional expense, that they are resourced and supported sufficiently during the implementation of the changes introduced as part of the review of Main Programme Grant giving.

5. Service Department's Response

- 5.1 The Housing & Community Care department, who are responsible for the Voluntary Sector Team and grant programme, welcomes this report from the task group and feels it provides a strong foundation for setting a clear direction regarding the future allocation of the Main Programme Grant.

Brent Council has a long history of working with local voluntary organisations and over the years the Main Programme Grant has supported a wide range of services, which complemented or supplemented the service provided by the authority. However, we are aware that a significant number of local organisations do not receive any financial support from the Council and some have been funded for years even though they have developed and have considerable resources at their disposal.

- 5.2 The Team welcomes the proposal to develop a more strategic approach to funding the voluntary sector. An overarching Voluntary and Community Sector Strategy will provide a better understanding of the Council's relationship with the voluntary sector and will outline how the Council will work to aid the development and success of organisations in the borough. The Strategy will become a key document for both the Council and the voluntary sector and the Voluntary Sector Team will ensure the findings and recommendations from this review are incorporated in the development of the strategy.
- 5.3 We accept the current grant giving process is outdated and agree with the proposal to transfer to a process which ensures decisions to award grants from the main grants programme are more closely based on key council priorities and local needs and which achieves greater consistency in funding. We also agree that more robust grant agreements will help address the issue of whether funding is providing good value for money. The issues to consider in preparing grant agreements and the importance of the distinction between such agreements and contracts (which have different tax and standing orders implications) are discussed in more detail in the Legal Implications section. The changes proposed in terms of longer funding period will in appropriate cases offer voluntary and community organisations more certainty and

stability in the future, and will lead to the development of more robust monitoring arrangements that are clearly outlined to service outcomes and targets as stated in the review. The Legal Implications section sets out some considerations that will need to be taken into account in taking forward the Task Group's recommendations concerning the funding period.

- 5.4 Implementation of the changes will impact on the work of the Voluntary Sector Team, and will require a change in their current role and function. To support the move to more robust grant agreements greater emphasis will need to be placed on capacity building and providing advice and support with external funding applications. Groups in receipt of the proposed 'seed - funding' will need additional support to enable them to continue once this funding expires. We therefore welcome the proposal that changes to the Main Grant Programme process be phased in over a three-year period and the decision to provide any additional financial support needed by the team to enable the successful implementation of the recommendations.
- 5.5 More detailed discussion regarding the proposals will need to take place with the Team and with Legal Services and we propose that a further report with an Action Plan concerning implementation of the recommendations is submitted to the Executive in early autumn for their consideration and approval.
- 5.6 The 'legal comments' section below highlights a number of issues concerning allocation of grant funding, and the status of any agreements between the local authority and funded agencies. These issues will be addressed in an implementation and action plan which will be developed following decisions by the Executive.

6.0 Financial Implications

- 6.1 The budget for 2007/08 for the Voluntary Sector Team is £1.962m of which £0.974m is the contribution towards the London Councils for the London-wide voluntary sector. Approximately one million (£0.988m) is available to the Brent voluntary and community organisations as the Main Programme Grant.
- 6.2 Increased resources will be required in future years if the recommendations in the Overview and Scrutiny task group report to be progressed.. Specifically, between 15% and 20% of the £0.988m Main Programme funding as 'seed corn' funding, as well as additional resources to fund the recommended annual conference and funders fair including advertising, publicity and room hire. Increased funding will also be required to support the development and implementation of the strategy recommended in the report. The budget review process for 2008/09 has started and Members will need to consider whether these proposals are priorities and affordable within the overall resources available.

7.0 Legal Implications

- 7.1 The Council is able to provide funding for the voluntary sector under a range of statutory powers. These range from the "well-being" power under section 2

of the Local Government Act 2000 (which allows the giving of financial assistance to any person or organisation where this will promote the social, economic and environmental well-being of a group of Brent residents), to very specific powers such as social services legislation giving powers and sometimes duties to assist those in need.

- 7.2 There are two recommendations in the Task Group's report that could have legal implications.
- 7.3 The first is the proposal to have longer-term grant arrangements, with funding being approved for 3 years at a time. Grants may be made for a variety of different activities and under a variety of powers and the circumstances which affect the organisations to be grant aided may be very different. Agreeing 3 years funding may not be appropriate in all cases and a blanket policy of approving grants for 3 years may therefore not be a reasonable exercise of the Council's grant making powers. This will need to be taken into account in making changes to the Main Programme Grant process.
- 7.4 The second recommendation that could have legal implications is the proposal to have "service level agreements". It will be necessary for the Voluntary Sector Team to structure any such new agreements carefully. A key characteristic of a grant is that it does not bring a contract for services into existence between the Council and funded organisation. While it is possible to have fairly detailed conditions of grant included in a grant agreement, if the agreement prescribes in great detail how the money should be used and effectively specifies how the organisation will deliver services, then a contract for services will be created. Such a contract would have to be let in accordance with Standing Orders for contracts, and the current flexible application process for grants would have to be abandoned. It is anticipated that Legal Services will work with the Voluntary Sector team to ensure that the new grant agreement documentation does not bring contracts for services into existence unintentionally.
- 7.5 Under the Council's Constitution, part 4, all grants from the Main Programme Grant must be approved by the Executive.

7.0 Diversity Implications

- 7.1 Recommendations from task groups are incorporated within service department's delivery or development plans and as such will be subject to the equalities impact assessments carried out by services as part of their work programme. Proposal to change the grant application process will require the Voluntary Sector team to carry out an Equalities Impact Assessment and the outcome of that assessment will be reported back to the Executive with the action plan to implement changes to the process. In addition, the annual review of Overview & Scrutiny activities includes an equalities impact assessment.
- 7.2 The Task Group's report hopes to address equalities issues to help make funding fairer and more easily accessible to all.

8.0 Staffing/Accommodation Implications (if appropriate)

Background Papers

The Voluntary Sector Funding Task Group Report
Allocation of Main Programme Grants 2007/8 Executive 15th January 2007

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