

CABINET

28 SEPTEMBER 2010

REPORT OF THE CABINET MEMBER FOR CRIME JUSTICE AND COMMUNITIES

Title: Review of the Strategic Grants Programme	For Decision
<p>Summary:</p> <p>This report briefs Cabinet on the outcome of a strategic review of the corporate grants programme. The purpose of this funding programme is to develop the environment for a thriving Third Sector in the borough through key capacity-building functions and services, and to build community cohesion.</p> <p>The review has proposed a number of adjustments to the current programme, which are designed to ensure that limited funds are targeted to where they will be most effective in achieving the programme's objectives.</p> <p>Cabinet's approval is sought to proceed to seek grant funding applications and tenders under a re-profiled programme as outlined in this report. There is currently uncertainty as to the exact funds which will be available to resource this programme. In this context, the report proposes a way forward which will enable momentum towards next year's programme to be maintained in this context.</p> <p>A report will be brought back to Cabinet in March 2011 seeking permission to let tenders and award grants in line with the principles outlined in this report, reflecting the updated position on funding which will be known at the time, and in response to funding applications and tenders received.</p> <p>Wards Affected: All</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to agree:</p> <ul style="list-style-type: none">(i) To the adjusted model for the corporate grants programme as set out in sections 1.11 and 2 of this report(ii) To receive a further report in March 2011 which will make proposals for the allocation of funding under this programme prepared in response to latest information about funding available at that time(iii) To the procurement strategy for a three year contact for the provision of Local Infrastructure support, as detailed in the report.(iv) To the virement of the following funds from the Community Cohesion divisional budget:<ul style="list-style-type: none">a) £25,000 in respect of an Open Farm, to the Leisure and Arts divisionb) £31,500 in respect of support to victims of crime, to the Community Safety and Neighbourhood Services division	

<p>Reason(s)</p> <p>To assist the Council in achieving the community priorities, particularly a stronger and more cohesive borough and to ensure that the Council's financial resources are spent cost-effectively in the context of contracting public funding.</p>		
<p>Comments of the Chief Financial Officer</p> <p>The proposals contained within the report can be met within existing budgets.</p>		
<p>Comments of the Legal Partner</p> <p>The recommendations in this report include one seeking Cabinet approval of the procurement strategy for the contract for the provision of Local Infrastructure support as set out in more detail in paragraph 2.4 of this report.</p> <p>The services provided by Local Infrastructure Organisations (LIO) are specifically tailored to the voluntary sector. LIOs exist to champion and strengthen third sector organisations. These services are classified as Part B services under the Public Contracts Regulations 2006 and so do not need to be advertised in the Official Journal of the European Union. A contract award notice should be published in the OJEU on the selection of a provider.</p> <p>Cabinet approval is required for the procurement strategy for the award of the LIO contract as the value of the contract over the three year contract term is over the threshold in the Council's Contract Rules when the Cabinet's prior approval is required.</p> <p>The process for the procurement of the LIO should be undertaken in a manner that observes the principles of best value and achieves best value for the Council.</p> <p>It is noted that a further report will be brought back to Cabinet in March 2011 seeking approval to let specific contracts in line with the principles outlined in this report including the accountancy support contract which is to be let as a separate contract.</p>		
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1. Background

- 1.1 The corporate grants programme has been an established way for the Council to support voluntary sector organisations from all communities in the borough to meet local and national priorities, particularly aiming to develop an environment for a thriving Third Sector. The Council additionally commissions voluntary sector organisations to deliver many services to the community (such as the provision of

social care services and activities for children and young people) through its service departments.

- 1.2 In December 2007 the Executive for the first time, as well as agreeing allocations of grant, commissioned voluntary sector groups for a period of three years to provide specific services. The established pattern of support with smaller amounts as grant aid and larger sums as commissions is consistent with a developmental funding model.
- 1.3 In light of the completion of the first round of three-year commissions and the challenging financial climate, a strategic review has been undertaken to inform the next round of commissioning. The strategic review explores the following:
 - the infrastructure needs of the local voluntary and community sector
 - the current level of capacity building within the sector
 - the levels of funding and outcomes against local and national best practice models
 - the appropriateness of all of the current commissioning priorities
- 1.4 This examination of the infrastructure necessary to support a thriving third sector in Barking and Dagenham is timely, in that it will also support the emerging themes of Big Society in the context of significantly reducing resources for the public sector.
- 1.5 The review has been conducted in various stages in order to enable appropriate consultation with the sector. The review ran from November 2009 to July 2010.
- 1.6 Initially, contact was made with the Commission for the Compact and other national bodies to look at best practice in relation to developing strategies for supporting a thriving third sector locally. In particular, best practice around the nature of funding arrangements, specifications and performance monitoring were researched. This then informed a more detailed piece of research with other London boroughs.
- 1.7 The consultation with other London boroughs, whilst recognising that each borough is unique, sought to compare our provision with that of other London boroughs in terms of the quality and quantity of provision. In particular the boroughs were asked:
 - Total spend through the third sector locally
 - The nature of their funding profile
 - The spend on local infrastructure organisations (LIO) - defined as CVS type functions/volunteering/ accountancy support etc. Local Infrastructure Organisations (LIOs) exist to champion and strengthen local charities, voluntary organisations and community groups. They provide specialist expertise, information and support and develop the skills of local people
 - Their commissioning cycle with particular reference to local infrastructure support
 - Outcomes and monitoring
- 1.8 Initial conversations with key strategic organisations in the third sector began in February of this year. From April there has been a two stage consultation with the third sector locally:

April 2010

Consultation with the Change-Up consortium (which brings together local infrastructure organisations to ensure that the support needs of frontline organisations are identified and adequately met), key individuals and current grant

recipients included a discussion on the nature of this strategic fund, the themes being proposed and the possible intentions within those themes. There was a clear dialogue about the nature of the proposed development continuum and what the sector believes is necessary to create the environment for a thriving local third sector.

June-July 10

Open discussions around the development of the commissioning profile- incorporating a range of sizes and types of groups were arranged on three dates and invitations and the consultation document circulated through the Council for Voluntary Services and other representative fora in the borough. The consultation was also discussed specifically at the Black Asian and Minority Ethnic (BAME) forum and the voluntary sector strategic partnership. Further discussions were held with the bodies in phase one around the nature of the specifications. At this point there has also been a focused conversation around the nature of the under £10,000 and small grants funds.

- 1.9 Consultation has taken place with internal and external stakeholders. This has included NHS Barking and Dagenham and officers in Adult and Community and Children's Services departments in particular. There are indications that some services currently funded from this area would be better administered from other service areas, if at all, and these changes have been agreed with the relevant service areas.
- 1.10 The review identified that there is a positive correlation between spend per head of the population and the quality of the service provided. It is noted that significantly more money investing in volunteering, for example, facilitated a more proactive approach to driving forward the volunteering agenda and advocating strongly for the sector. In relation to the local infrastructure function (CVS) where there was increased funding through specific work streams the sector locally is stronger. This evidence has been used to inform the development of the specifications and proposed levels of funding.
- 1.11 Feedback locally from internal and external stakeholders and the voluntary and community sector locally has led to recommendations that are being proposed:
 - For the innovation fund (under £10,000) there was considerable conversation about the income ceiling for the groups that could apply. It is therefore proposed to raise the ceiling to organisations with an annual income of £80,000;
 - The number of years a specific project could reapply will now be limited to two years;
 - There were various representations in relation to specific capacity building support for BAME organisations – this will be addressed within the main local infrastructure organisation contract;
 - there has been considerable feedback about the need for fundraising support for the sector and this is now being reflected in the local infrastructure organisation specification.

2. Proposal

2.1 The profile of the new model is proposed as follows:

Theme	Detail	Estimated total value
Strategic commissions	Capacity building (para 2.4)	£225,000
Strategic commissions	Strengthening communities (para 2.5)	£411,600
Innovation fund	Awards under £10,000 (para 2.12)	£95,000
Small grants	Pump priming (para 2.13)	£15,000
Small grants	Talented and Gifted young people (para 2.13)	£15,000
Transfer –Leisure and Arts	Open Farm (para 2.6)	£25,000
Transfer –Community Safety	Victims of Crime (para 2.6)	£31,500
	Total Commissions / Transfers	£818,100
	Budget Available	£841,470
	Saving / Efficiency (para 2.14)	£23,370

2.2 Strategic commissions

Two themes are proposed as the remit for this fund:

1. **Infrastructure** (Outcome: increased organisational capacity)
This will focus on capacity building and engagement. Under this heading there would be a clear link to the themes of the Third sector strategy as this will focus on the “environment for a thriving third sector”.
2. **Strengthening communities** (Outcome: increased community cohesion)
This will include community resources such as community hubs and development, forums and networks which support and empower local communities.

2.3 Where organisations are predominantly commissioned against theme 1 they will be expected to evidence delivery against theme 2 in addition.

2.4 The following commissions would be placed under **Theme 1 – capacity building**. This includes specifications for:

- Accountancy support specifically tailored for voluntary sector organisations
- Local Infrastructure Organisation (LIO)
- Volunteer support

Whilst these will be commissioned separately there have been instances recently where LIOs have also performed the volunteering function.

The total annual value of these commissions is estimated at £225,000. However, the total amount within this commission to be allocated to accountancy support is subject to the outcome of the London Councils grants review (see section 2.15 below).

2.5 The following commissions would be placed under **Theme 2 – strengthening communities**:

- The **equalities fora**. It is proposed that the following forums will be funded to facilitate engagement:
 - Faith
 - LGBT
 - Disability
 - Black and Ethnic Minorities
 - Older People

(The BAD Youth Forum is separately funded by Children's Services).

- **Community cohesion/community anchor development**
- **Advice and support to people experiencing racial discrimination** –currently held by Harmony House until March 2012
- **Advice specification** - Joint commission with Legal Services Commission (runs until March 2013)

The total annual value of these commissions is estimated at £411,600.

Appendix A gives the outcomes which it is proposed to specify under these two themes.

2.6 In order to complete the refocusing of this programme towards strategic capacity-building and strengthening communities, funding to support two projects previously funded under this programme will be transferred to the relevant service departments, as follows:

- £25,000 to the Leisure and Arts division in respect of the open farm
- £31,500 to the Community Safety and Neighbourhood Services division in respect of support to victims of crime.

2.7 The total value (over three years) of the proposed Local Infrastructure Organisation commission is over £400,000, and as such requires Cabinet to approve the procurement strategy. It is intended to advertise on the Council's website and the supply2.gov.uk website in accordance with the Council's Contract Rules, and other appropriate websites, inviting expressions of interest from parties that can demonstrate relevant experience in delivering Local Infrastructure services as follows:

- Interested parties will be invited to tender on the basis of an open tender process
- The evaluation of tender submissions will be based on a weighted quality / cost matrix, with a quality and price weighting of 80/20 respectively. The quality assessment will be based on the following criteria:
 - Staffing and Personnel related issues (20%)
 - Quality and Performance Management (20%)
 - Partnerships (15%)
 - Service Delivery (30%)
 - Sustainability (15%)

Details of these will be published in the invitation to tender which will enable a fair and transparent approach.

- An evaluation of contract prices will be carried out to ensure potential suppliers offer fair and competitive prices that are consistent with the service outline. A contract will be awarded to the successful provider for a period of three years,

with an option to extend for up to a further two years dependent upon future availability of funding and satisfactory performance.

- This process will involve arrangements under the Transfer of Undertakings (Protection of Employment) Regulations 2006 between voluntary sector providers. Time has been allowed in the project plan to facilitate any required meetings in respect of this and to ensure continuity of service to service users. TUPE arrangements will be included in the tender documentation and will be assessed as part of the selection process.
- The outline timetable for completion of this process is as follows:

Action	Date
Executive Approval	28 September 2010
Advertise	12 October 2010
Tenders to be returned	12 November 2010
Shortlisting based on experience, followed by evaluation of the cost and quality submission, including interviews	November-December 2010
Approval from Cabinet	March 2011
Contract Award	April 2011
Facilitate possible TUPE meetings between providers	April 2011
Contract Delivery starts	July 2011

2.8 In addition to the outcomes required, as set out in Appendix A, there will be some further undertakings required:

- An expectation that additional funding will be drawn in by the holders of these commissions
- Partnership bids will be encouraged.
- Appropriate break clauses will be placed in contracts due to the uncertainty of funding into future years

2.9 Due to the timetable required to complete the tender process, new commissions will commence in July 2011. As these are three year contracts, the commissions will expire in July 2014. Contracts will have the flexibility to be extended if required to enable appropriate consultation for the next round of commissioning. To allow maximum flexibility, and the achievement of this timetable, it is proposed to extend existing commissions which are intended to be continued beyond March until July 2011.

2.10 Since these are three year contracts, there will be break points at the end of years one and two, and subject to satisfactory funding and performance, continuation of the contract will be approved by the Corporate Director of Adult and Community Services, in consultation with the Portfolio Holder.

2.11 Innovation Fund

In addition to the strategic funding (commissions) above, the proposal is to continue with the small and “under £10,000” (Innovation fund) grants providing a development continuum because:

- this model is seen as good practice in other London boroughs and in the third sector,
- it provides an opportunity for the local authority to provide limited support to new and emerging needs that address our priorities

- it enables Members to be responsive to community initiatives in an appropriate manner

2.12 The Innovation Fund and small grants will focus on an extension of theme 2 – strengthening communities. In particular funding will focus on:

- Building social capital – both to build community spirit and to assist in moving towards the community doing more and the public sector doing less
- Building volunteering (for similar reasons)
- Building community cohesion and social inclusion
- Capacity building of the organisations themselves (focused support)
- Market development- where gaps are identified in local capacity. Themes will be identified ahead of the annual process, to be included in the criteria. It is proposed in the first instance (2011/12) to seek proposals to support people to live independently in the community through local community activity.

£95,000 will be earmarked for the Innovation Fund.

2.13 **Small grants**

Provision of £15,000 is made for small grants that will ‘pump prime’, low cost but high value local activities and initiatives- individual sums of £500 and below. Additionally, £15,000 is allocated for Talented and Gifted young people.

2.14 The outcome of this review and refocusing overall is a saving of £23,370 for 2011-12, which will contribute to the achievement of efficiencies required in the current challenging financial climate.

London Councils grants review

2.15 London Councils grants programme, funded by contributions from 32 London boroughs and the City of London, totals £26,330,000 in 2009/10. The London Borough of Barking and Dagenham’s contribution in 2010/11 is £584,000. Grants are distributed within three overarching priorities, which reflect the work as a whole.

These are:

- providing more opportunities for Londoners
- reducing social exclusion, poverty and disadvantage
- promoting equality and reducing discrimination.

This is spread across 69 priority areas (services) within twelve themes such as *Children & Young People, Culture, Tourism & London 2012* and *Health & Social Care*. The net benefit to the borough is hard to determine but is estimated to be in the region of £150,000.

2.16 A review has been announced which will look at the following:

1. The potential for repatriating current areas of activity from the existing grants programme to boroughs and sub-regional groupings
2. The scope for a residual London wider grants programme, together with budget and priorities for this
3. The timetable and processes to achieve the change.

2.17 The review will consider the following different categories of funding:

- a) Funding that should remain administered from a central London body including:
 - Frontline services that are genuinely London-wide such as a children’s helpline

- Funding to organisations that provide capacity building and support to the third sector
 - Funding for a London-wide voice to different sectors of the community
- The initial categorisation by officers would place £5.4m under this heading.

- b) Services where demand crosses borough boundaries, therefore making it more difficult to organise on an individual borough level, but not a London-wide need. The initial categorisation by officers would place £3.87m under this heading.
- c) Those which essentially appear to be local but are currently commissioned on a pan-London basis for one or more of the following reasons:
- 1) economies of scale
 - 2) cross-borough patterns of service users
 - 3) services uneconomic at single borough level
 - 4) services where a common and/or consistent approach are of key importance.

The ability of individual boroughs to commission these services economically at the borough level could be the significant factor in determining whether these services would continue to be either viable, or remain a priority, at a local level. From a local perspective the effectiveness of many of these services is very hard to demonstrate. The initial categorisation by officers would place £16.3m under this heading.

The review will be complete, with an agreed direction for the future by the end of November 2010, in time to make decisions for the grants programme for 2011-12.

Next steps

- 2.18 In the current financial climate there is a need to identify further efficiencies in addition to the £23,000 identified to date. The London Councils review will result in significant funds being repatriated to the Council but the amount will not be known until December at the earliest.
- 2.19 In parallel with the London Councils review, officers are considering which organisations previously funded by London Councils the Council would wish to commission. It is anticipated that only the community accountancy monies repatriated from the commission held by ACE currently will continue to be relevant to this funding stream. Other grants will be discussed with the relevant service areas. Officers are also identifying organisations that they consider should still be funded London-wide, for example, commissioners in children's services would not like to see funding to Childline cut, and the Homelessness unit are advocating that Shelter should continue to receive funding.
- 2.20 Because of the timescale for the London Councils review it is not yet possible to prepare firm proposals for further efficiencies from the corporate grants / London Councils budget. It is proposed to review the proposed allocations outlined in this report once the results are known. To facilitate this, the Council will advertise the commissions and grants with clear guidance stating that we retain the right to let some and/or part of some commissions / grants.
- 2.21 The Council is required, in order to be compliant with the Compact, to consult with the voluntary and community sector in relation to proposed changes in grant funding arrangements. Consultation in relation to the proposed new model set out above has

already taken place. However, the fluid situation in relation to changes in London Councils funding and public sector funding overall presents some challenges to meeting Compact consultation requirements, while still staying on target for the budget-setting process.

- 2.22 Initial discussions with voluntary and community sector organisations have been taking place during September, in the spirit of transparency, to raise awareness of the difficult decisions facing the Council, and its intention to maintain progress on the grants and commissioning programme while clarity emerges about the wider financial context.
- 2.23 The content of this report is also being reviewed by the Safer and Stronger Select Committee on 22 September: their comments will be relayed verbally to the Cabinet meeting on 28 September.
- 2.24 If the recommendations in this report are agreed, officers will proceed to advertise grant funding opportunities and commissions as set out above. In relation to the Innovation Fund, a wider evaluation panel will be convened than in previous years, consisting of some Members and community representatives to be agreed with the Portfolio Holder. A report will return to Cabinet in March 2011 setting out proposals for funding under this programme in response to tenders and bids received, and in light of the Council's financial position at the time.

3. Financial Issues

- 3.1 The proposals contained within paragraph 2 above can be met within existing budgets.

4. Legal Issues

- 4.1 The services to be provided under the contract to which this report relates are classified as "Part B" services under the Public Contracts Regulations 2006 (the "Regulations"), therefore the full rigour of the Regulations do not apply.
- 4.2 As the value of the Local Infrastructure contracts exceed the European Union (EU) threshold for services (currently £156,442), the Council nevertheless has a legal obligation to comply with the Treaty of Rome principles of equal treatment of bidders, non-discrimination, and transparency in procuring the contract. A contract award notice is also required, under the Regulations, to be published in the Official Journal of the EU upon selection of a service provider.
- 4.3 Furthermore, the Council's Contract Rules (Contract Rule 3.6) require the strategy for the procurement of contracts of above £400,000 in value to be submitted to the Executive for approval prior to procurement of such contracts.
- 4.4 The estimated value of the contract to which this report relates is above £400,000, therefore the Corporate Director for Adult and Community Services, in compliance with the Contract Rules, has set out the proposed strategy for the procurement of the contract in Paragraph 2.7 of this report for approval by the Executive.
- 4.5 It may be that the effect of a contract award will be to engage the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) which operates

to transfer contracts of employment of staff assigned to the relevant service before the transfer. Officers will consult with the Legal Practice as to the application of TUPE.

5. Other Implications

5.1 Risk Management

The following risks and mitigation measures have been identified:

- Risk of Compact non-compliance: early discussions with voluntary and community sector organisations have begun and will continue throughout this commissioning programme
- Risk of reduced funding significantly impacting on the ability of the voluntary sector to deliver services required in the community: the strategic review has been undertaken in order to guide decision-making as to where limited funding can be directed with most effect.

5.2 Contractual Issues

The value of services for the Local Infrastructure commission is over the EU threshold of £156,442 for Part B services and should be tendered. Under EU procurement rules these services are classed as a part B services and have minimal legislative requirements. The main requirements are in relation to transparency, technical specifications and award notices. The tenders will be carried out in full compliance with the EU rules and Council policy in procurement. The details of this and an outline of the timetable is in paragraph 2.7.

5.3 Staffing Issues

Some of the voluntary and community organisations funded by the Council use the funding provided to employ staff. The Council provides three months' notice of any changes in funding in order to enable organisations to make arrangements for redundancy, etc where necessary. There will also be TUPE implications for the tendering of contracts and these implications will be included in the specifications.

5.4 Customer Impact

The aim of this funding programme is to facilitate the provision of appropriate infrastructure and capacity-building support to local voluntary and community organisations who deliver services to local people.

These proposals include continued commissions (plus the addition of a forum for Older People) for the delivery of a range of equalities fora, designed to support the Council to meet its obligations under equalities legislation, to consult with equalities groups and to understand and meet the needs of specific equalities groups wherever possible.

By consulting with the voluntary and community sector widely in developing the proposals the Council has sought to ensure that these meet the strategic needs of the Council, Partnership and community, in the context of limited financial resources. Changes to the proposals made in light of the consultation are highlighted at paragraph 1.11.

In addition to advertising the grants and commissioning opportunities widely, the Council will provide a series of workshops which will provide guidance to groups from

across the community as to how to apply. This will enable the widest possible range of groups to apply.

Once the commissions and grants are awarded in due course, successful applicants will be subject to a contract monitoring regime which will require the provision of evidence that funded services are being delivered equitably.

5.5 Crime and Disorder Issues

The proposals contained within this report include plans to transfer the commission to provide support to victims of crime to the Community Safety service, with slightly reduced funding. The Community Safety service has confirmed that it will be possible to manage this while minimising impacts on crime and disorder.

Grant funding and commissioning under this programme, particularly those activities which encourage volunteering, have the potential to make a positive contribution to crime reduction, through the provision of positive diversionary activities, and by building community spirit and cohesion.

6. Options appraisal

6.1 The following options were considered when preparing these proposals:

Option 1: continue with the current model of grants and commissioning. This would mean that the Council's limited resources would not be directed where they are most needed, or in line with best practice.

Option 2: delay the start of the grants bidding and commissioning process until January, by when there will be greater clarity about the outcome of the London Councils grants review, and the Council's wider financial position. This would mean that funding for some organisations would come to an end in March 2011, and could not be re-commissioned (where appropriate) until October 2011, leading to a significant gap in service delivery.

Option 3: the proposals as set out in this report will enable a more strategic use of the Council's limited resources in order to build capacity in the sector, and will seek to maintain progress towards this new model during a period of financial uncertainty.

7. Background Papers Used in the Preparation of the Report:

None

8. List of appendices:

Appendix A - Proposed commissioning outcomes