
REPORT FOR: CABINET

Date of Meeting:	8 December 2016
Subject:	Voluntary and Community Sector (VCS) Funding Arrangements
Key Decision:	Yes
Responsible Officer:	Alex Dewsnap, Divisional Director of Strategic Commissioning Bernie Flaherty, Director of Adult Social Services
Portfolio Holder:	Councillor Sue Anderson, Portfolio Holder for Community, Culture and Resident Engagement Councillor Simon Brown, Portfolio Holder Adults and Older People
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	<ol style="list-style-type: none">1. Equalities Impact Assessment2. Consultation Findings Report3. Adult Specific Feedback Summary4. Specific written consultation responses:<ol style="list-style-type: none">4.1. Mind in Harrow4.2. Harrow Association for the Disabled4.3. Citizens Advice Bureau4.4. Age UK Harrow4.5. Citizens Advice Bureau #2

Section 1 – Summary and Recommendations

This report sets out a three year funding proposal for the Voluntary and Community Sector (VCS) for 2017/18 to 2019/20 from the Community Grants budget, Adult Social Care budget, the Emergency Relief Scheme and Housing.

Recommendations:

Cabinet is requested to:

1. Approve the three year funding proposal for 2017/18 – 2019/20 for the VCS that would fund the Information, Advice and Advocacy strategy and an infrastructure organisation based on;
 - a. a reduction in funding to the Voluntary and Community Sector from the Community Grants budget
 - b. a reduction in funding to the Voluntary and Community Sector from the Adult Social Care budget
 - c. a reduction in the Emergency Relief Scheme budget
2. Delegate authority to the Corporate Director for Resources and Commercial, following consultation with the Portfolio Holder for Community, Culture and Resident Engagement, to re-procure an infrastructure organisation for the VCS in 2017 and award that contract.

Reason: To approve funding changes to the Voluntary Sector from the Adults Service Level Agreements (SLAs), Discretionary Grants programme and Emergency Relief Scheme that is feasible within the financial envelope of the Medium Term Financial Strategy of the Council.

Section 2 – Report

Introductory paragraph

This report presents a joined up proposal from a number of areas in the Council (Adult Social Care, Revenues and Benefits, Community Grants and Housing) about the future relationship and funding arrangements for the Voluntary and Community Sector over the next three years 2017/18 – 2019/20.

The funding proposals and on-going financial challenges faced by the Council set the context for a strategic shift in the Council's relationship with the Voluntary and Community Sector to focus on statutory service delivery, the provision of general information & advice and working in partnership with the sector to support it to access and generate alternative sources of funding and build strong local consortia.

The proposal in this report builds on pre-consultation and co-production work carried out with the Voluntary and Community Sector during the spring and summer of 2016 principally around the creation of a new Information, Advice and Advocacy Strategy (see following cabinet report on the agenda) and have been the subject of extensive consultation with the sector during September and October (the full consultation findings reports are included at annex 2 and 3 and individual written consultation responses at appendix 4.)

Options considered

1. Proposal

The proposal that was consulted on and which is the recommended option is:

- To reduce the funding from Adult Social Services by £420,000 (from £799,000 to £379,000) through the removal of Adults SLAs, leaving Adult Social Care funding to comply with the Care Act duty (in three contracts for carers, information and advice and independent care act advocacy) and to establish and maintain information and advice services relating to the care and support for all people in its area only.
- To continue to fund service provision in relation to specific statutory duties to provide advocacy services for children in need, children looked after and former looked after children and mental health advocacy and independent health complaints advocacy :
There will therefore be no direct savings from these budgets within these proposals and we intend to extend those contracts above that are due to expire in March 2017 for a further 12 months and then let new contracts lasting 3 years for these services in 2018.
- To reduce the discretionary Community Grants and Emergency Relief Scheme budgets (worth a total of £600,000) by a combined total of £207,000 in 2017/18 and because of the taper and re-commissioning of the infrastructure organisation there would be further savings of £57k in 2018/19 and £50k in 2019/20 making a total reduction of £314,000 by 2019/20. The remaining budget of £393,000 (plus an additional £26,000 from the Housing Revenue Account) would be used to fund the recommended 3 year VCS proposal:
 - General Information and Advice service (£226,000¹ - see separate report to cabinet)
 - A tapered grants fund (£100,000 in 2017/18 and £50,000 in 2018/19 and zero in 2019/20) for targeted services that complement the general information and advice service (see separate report to cabinet.)
 - A VCS infrastructure organisation (£60,000 from 1st October 2017²)

¹ The additional £26k for this service will come from Housing Revenue Account, there will be no savings from this budget

² As the re-commissioning of this service would only take effect from 1st Oct 2017 there will be a part year savings effect in 2017/18.

- A £25,000 top-up fund to fund crowdfunding projects that align with the Council's Ambition Plan

This is the recommended option.

2. Do nothing

The Council could do nothing and leave things as they are, reviewing funding arrangements on an annual basis. However, the current financial situation the council faces means this is not a financially viable option, nor does it help us address some of the many issues the VCS has raised with us through previous consultations about providing them with more longer-term certainty and clarity over their funding and the council taking a more joined up and holistic approach to VCS funding.

This option is not recommended.

Background

The Government continues to reduce its funding to local government as part of its nationwide austerity programme. These funding reductions, a continued increase in demand for services, cost inflation and the fact that Harrow Council is one of the lowest funded councils means, we estimate we have to save in the region of £83m for the 4 year period 2015/16 to 2018/19.

Harrow Council does not have large cash reserves, and spending them is not a responsible way to offset lost revenue. The Council's net controllable budget is £165m in 2016/17 and this is the element of the budget that the Council can exercise more control over and from where savings must be found.

In a climate of reducing budgets for adult social care, expectations on local authorities to provide support has not reduced and some would argue has increased. In particular, nationally the population is living longer, and it is expected that by 2020 in Harrow there will be a 14% increase in people over 65 and a 26% increase in people over the age of 85. This increase in age has also contributed to many clients presenting with multiple and more complex needs. In addition, there has been significant pressures on other public bodies, including statutory changes and different interpretations of the law which require the Council to fulfil different duties and adopt different approaches; examples of this include the Care Act 2014, the Deprivation of Liberty Safeguard procedures, as well as significant pressures on the Clinical Commissioning Group (CCG) which cause further impacts for the Council.

The proposed three-year funding arrangement recommended in this paper sets the context for a strategic shift in the Council's relationship with the Voluntary and Community Sector to focus on statutory service delivery, the provision of general information & advice and establishing a new relationship with the sector to support it to access and generate alternative sources of funding and build strong local consortia.

Harrow Council is also in the process of establishing a Crowdfunding platform with a specialist provider to support access to this alternative funding option

and a £25,000 Council Top Up Fund, which will be used to contribute towards Crowdfunding projects and initiatives. Officer capacity will also be made available to help skill up organisations wishing to explore this opportunity and other alternatives such as social enterprise or social investment.

This new form of funding provides a huge opportunity to charities, community groups and social enterprises as it offers direct engagement with funders, ability to select projects and beneficiaries and the importance of creating a community – playing to the strengths of the sector, and bringing real benefits, financial and non-financial.

The recent report by Nesta³ demonstrates the potential for this platform including the use of donation-based funding, community shares, access to large commercial enterprises with social responsibility funds, philanthropists, trusts and other investors. The consultation we have recently undertaken also suggests crowdfunding presents a significant untapped potential for the VCS in Harrow to raise money, increase transparency and get more people involved in campaigning and volunteering.

Consultation

The proposals in the consultation built on pre-consultation and co-production work carried out with the Voluntary and Community Sector and service users during the spring and summer of 2016 principally around the creation of a new Information, Advice and Advocacy Strategy and have been the subject of extensive consultation with the sector and service users between the 22nd September 2016 and 31st October 2016.

Pre-Consultation:

In December 2015, letters were sent out to the VCS organisations in receipt of Council Outcomes Based Grant (OBGs), Adults Service Level Agreements (SLAs) and Small Grants, to inform them that due to the continuing financial pressures the Council faced it was not in a position to guarantee the Outcomes Based Grants, Adults SLAs or Small Grants funding from 2016/17 but that in order to give the Council time to explore further options around the future of the Community Grants and Adults SLAs a six month extension until 30th September 2016 would be granted.

Subsequently, in August 2016, another letter was sent out stating there would be a further six-month extension of the Outcome-Based Grant Programme and Adults SLAs, extending all grant awards to 31st March 2017 to align with the outcomes of this consultation process. A letter was also sent to Small Grant organisation confirming the letter of Dec 2015 that small grants would cease at 30th Sept 2016.

³ Nesta, June 2016: Opportunities and challenges for charities, community groups and social entrepreneurs. Jonathan Bone and Peter Baeck.

In addition to the extension of the Adults SLAs there is also an intention to extend the Care Act Contracts for; Care Act Information and Advice (SWISH) Carers Services and Independent Care Act Advocacy (total value of £379,000) for an additional 12 months.

Co-Production of the Information, Advice and Advocacy Strategy between Council and VCS:

- A mapping and data gathering survey was undertaken in April 2016 to understand the range of information, advice and advocacy services provided by the Council and the VCS in the borough. There were 16 responses.
- This was followed up in May to July with 20 telephone interviews with service providers.
- To get the views of service users we attended user groups or recreational meetings. Questionnaires were also available for service users to complete, there were 53 individual responses from 16 different organisations.
- The first stage of interviews and meetings with service users were presented to the VCS at two repeat (morning and evening) events on the 23rd May. 18 organisations attended.
- An open discussion meeting took place on 13th July 2016. 10 organisations attended. Some of the key areas of discussion and questions included budgets/commissioning, tendering, grants process, consultation findings, definitions of IAA, customer journey map and experiences, joining up services and being more efficient, digital portal, needs analysis and the Care Act.
- Two co-production workshops were held on 18th July and 17th October to design the key principles for a future information and advice service and a vision of what this service would look like and how the Council and the VCS could work together to implement this vision. (15 organisations attended in July and 20 in October)

Consultation with the VCS on funding proposals (22nd September to 31st October 2016):

A range of opportunities were made available to VCS Organisations to participate in the funding proposals consultation. The VCS were also encouraged to involve their own service users in any engagement:

- Online and paper consultations were issued (25 responses from 19 different organisations were received.) In addition, 8 written submissions covering 21 different organisations were also received - the written responses are appended to this report at annex 4.
- The Council emailed and called all VCS organisations in receipt of Adult SLAs, Small Grants and Outcomes-Based Grants to inform them of the consultation and about how they could get involved and share their views.
- The consultation was also promoted via the Voluntary Action Harrow and Adults Voluntary Sector Partnership forum newsletters to VCS organisations in the borough

- Two Open Discussion meetings were held in the Council on the 26th September and 6th October (attended by 4 and 8 organisations respectively), which were open to all VCS representatives and provided a forum for them to bring forward any questions and receive clarity around the consultation process
- Four Consultation Events were held in the Council over 3 days from the 10th – 13th October during the daytime and evening, which provided opportunities for the VCS to let us know their views and the implications of our proposals (In total 21 organisations attended).

Engagement of Residents and Service Users over the Council's Proposed Changes to Adult SLAs Funding:

As well as seeking participation from the VCS representatives in the above, the Council also made particular efforts to engage with service users likely to be affected by changes to Adult SLAs funding in order to fully understand the impacts of these proposals on vulnerable people as well as the organisations that support them, and the long term implications on the Council.

In terms of the Adult SLAs, the consultation process involved:

- Informal meetings, such as a Disability Day Service meeting, Mental Health User Group meeting and Learning Disability group.
- Four formal meetings from 21st October – 27th October, each of which was attended by users from the client groups impacted by the proposal in receipt of Adult SLAs (including Mind in Harrow's 'Harrow User Group' service users, Carers connected to Harrow Carers, and service users from Harrow Mencap and Age UK respectively)
- A meeting open to all 13 organisations in receipt of Adult SLAs which would be directly impacted by the Council's proposals.

Consultation on the Emergency Relief Scheme (ERS):

The ERS consultation outreach and engagement activity included:

- An Online survey open to the public and paper consultations (1 written response was received from one organisation)
- A mailshot to 200 residents including 100 who had previously received an award from the scheme
- Posters and consultation booklets placed at VCS consultation events, as well as in Access Harrow, Children Centres and Job Fayre on the 11th October, which aimed to raise awareness of the ERS consultation
- Staff speaking to the public to raise awareness and return completed surveys at various locations from 5th – 11th October, including at Jobcentre Plus, Cedars Children's Centre, St. Georges Shopping Centre and Harrow Foodbank (the latter helped to gather the views of volunteers)

The overall package of consultation and engagement events has meant that we have had good input and feedback, and the Council would like to take this opportunity to thank everyone who took the time to complete the consultation documents, attend the meetings and give their feedback on the proposal.

The Council will continue to work with the VCS on improving the links between the Council and the VCS, with the potential to design a new VCS strategy in 2017.

Current situation

The Council currently spends around £1.45m per year on the services included in this proposal: Adult SLAs - £799,000 (of which £379,000 funds Care Act specific services), Community Grants £330,000, the Emergency Relief Scheme £270,000 (subject to a separate cabinet report) and Housing £26,000.

In total 38 organisations are funded via Adults SLAs and Community Grants, which represents 13% of the Voluntary and Community Sector in Harrow.

The tables below provide information on what these budgets currently fund, excluding the £379,000 for Care Act specific services. In 2016/17:

- 13 organisations had their Outcome Based Grant renewed for 6 months in December 2015 followed by a further 6 months in August 2016 (see table A below)⁴
- 16 organisations had their small grant extended for 6 months (from 1st April 2016 to 30th Sept 2016) – see table B below
- An award of £75k was made to Harrow Community Action for the delivery of infrastructure services to the voluntary and community sector to cover: funding support; training; governance support and volunteer support etc
- 13 organisations received an Adult Social Care SLA (see table C below) and had these renewed for 6 months in December 2015 followed by a further 6 months in August 2016.
- 4 organisations (Age UK, HAD, CAB and Mind) receive both an outcomes based grant and an adults SLA.

Table A: 2016/17 Outcomes Based Grants Programme

No.	Name of Organisation	Name of Project Activity	2016/17 Grant
1	ADHD & Autism Support Harrow	The Transitions Project	£5,416.22
2	Age UK Harrow (Registered as Age Concern Harrow)	Sustainable Services Project	£9,281.88
3	EACH Counselling and Support (formerly Ethnic Alcohol Counselling in Hounslow)	Trauma, Violence and Abuse Counselling and Support for Somali, Tamil and South Asian communities	£20,700.00
4	Harrow Association of Disabled people	Overcoming barriers of poverty and exclusion	£11,481.60
5	Harrow Citizens Advice Bureau	AdviceLine for Harrow	£20,700.00

⁴ One organisation was not able to continue the project for which it received a grant, hence the reason for the total falling short of the £180k budget for the year

6	Harrow Law Centre	Harrow Law Centre	£12,930.60
7	HARROW SHOPMOBILITY	A scheme for the continued Integration and Independence of Disabled People	£7,619.52
8	Ignite Trust	Expression Youth Community	£17,985.18
9	Mind in Harrow	Harrow Mental Health Information Service	£16,093.68
10	Relate London North West	Emotional Support for Individuals and Families towards a Fulfilling Life	£7,202.22
11	South Harrow Christian Fellowship	Supporting the Elderly	£3,680.55
12	St Luke's Hospice (Harrow and Brent)	The continued expansion and development of St Luke's Hospice at Home service for the residents of Harrow	£20,700.00
13	The WISH Centre	ISVA -Sexual Violence Prevention, Advocacy and Support Service	£14,083.17
	TOTAL		167,874.62

Table B: 2016/17 Small Grants Programme

No.	Organisation Name	Project Name/Activity	2016/17 Grant Award
1	9th Kenton Scouts	Provide scouting activities for children aged 6-14 years living within the areas of Kenton, Harrow & Stanmore	£2,000.00
2	Asperger's Syndrome Access to Provision	Improving Social Understanding	£2,000.00
3	Bereavement Care	Supporting Bereaved Children & Families	£2,000.00
4	Friends of West Harrow Park	Community Fun Days	£2,000.00
5	Harrow Anti-Racist Alliance	Community Support Services	£1,995.00
6	Harrow Athletic Club	Couch to 5K Coaching	£3,592.00
7	Harrow Bengalee Association	Senior Citizen/Family Support	£2,000.00
8	Harrow Foodbank	Harrow Foodbank	£2,000.00
9	Harrow Heritage Trust	Management of and public engagement with Harrow's Nature Reserves	£2,000.00

10	Harrow Over 50 Club	Service to residents of Harrow over 50	£2,000.00
11	Indian Association of Harrow	Community Seniors' Club	£2,000.00
12	Kuwaiti Community Association	Advice and Information Services	£1,996.00
13	Navnat Yuva Vadil Mandal	Provision of transport facility for the Harrow elderly & disabled members	£2,000.00
14	Radio Harrow	Being the voice of Harrow	£1,959.71
15	Russian Immigrants' Association	Drop in Centre	£1,717.50
16	Somali Cultural & Educational Association	Educational support	£1,990.00
	TOTAL		£31,290.50

Table C: Adult SLAs

	Vol Sector Organisation	Annual Value	SLA Details
1	Age UK Harrow	£83,461.00	Core Services, Befriending, Reablement user Survey. Services provided to Harrow Residents aged 65+
2	CAB	£76,854.00	Welfare benefits advice, outreach and home visits including those in hard to reach communities
3	DAWN Yakeen	£61,026.00	Specialist Counselling for Asian Women
4	HAD	£44,699.00	Support to people with a disability to overcome worklessness, poverty, homelessness and to more lead independent lives
5	Harrow Carers	£19,079.00	Core Services to support carers in Harrow including training, respite, day trips and support groups
6	Harrow Mencap	£42,915.00	Core Services to support people in Harrow with a learning disability. In particular, employment and volunteering support, outreach and community activities
7	Hillingdon AIDS response trust	£23,030.00	Services to support adults and children in Harrow impacted by HIV and AIDS
8	Middlesex Association of the Blind	£6,373.00	Part time co-ordinator to manage volunteer in Harrow. Specialist home visiting service to recruit and train volunteers to support people in Harrow who are blind, deafblind and visually impaired
9	Mind	£49,648.00	Core services, to support people in Harrow suffering from a mental health condition, and the people who care for them. Funding for the Harrow User Group (HUG) providing training around representation and participation for people with mental health difficulties
10	National Autistic Society	£5,241.00	Small Support group for people with Autism and Asperger's that meets monthly. Includes outings and trips as well as arranged group sessions

11	Rethink	£1,098.00	Support Group for mental health carers and the publication of a newsletter. Group currently meets at the Bridge and provides volunteer/ peer support to people impacted by mental illness and their carers
12	Tanglewood	£3,663.00	Contribution towards the running of a learning disability group running on a Monday evening with an average of 50 attendees per week
13	Re-Vitalise	£3,046.00	Provides short breaks for adults with a physical disability in Harrow using 4 accessible holiday centres across the UK
	TOTAL	£420,133.00	

Why a change is needed

The Government continues to reduce its funding to local government as part of its nationwide austerity programme. These funding reductions, a continued increase in demand for services, cost inflation and the fact that Harrow is one of the lowest funded councils means, we estimate we have to save in the region of £83m for the 4 year period 2015/16 to 2018/19.

Harrow Council does not have large cash reserves, and spending them is not a responsible way to offset lost revenue. Harrow Council's gross budget for 2016/17 is £560m. A significant proportion of this funding is ring fenced for services such as housing benefit, schools and public health. The Council's net controllable budget is £165m in 2016/17 and this is the element of the budget that the Council can exercise more control over and from where savings must be found.

In a climate of reducing budgets for adult social care, expectations on local authorities to provide support has not reduced and some would argue has increased.

In addition to the financial situation facing the Council, feedback from previous consultations and engagement with the VCS has told us that the sector would appreciate: longer-term clarity and certainty over their funding arrangements and the Council's direction of travel rather than the annual process to date; more clearly defined roles and relationship between the Council & Voluntary and Community Organisations; greater join up between council services so the cumulative impact of individual service decisions that impact on the sector are better understood; greater consideration of pooled budgets and alternative options to procurement exercises.

The proposals contained in this report, and the following agenda items on the Information, Advice and Advocacy Strategy and Hardship Scheme, aim to respond to this feedback by supporting the Council to set a clearer, joined up vision of its role and relationship with the Voluntary and Community Sector over the next 3 years.

Consultation:

The following is a summary of the issues raised through the consultation process on the funding proposals between 22nd Sept and 31st October received either via the questionnaire or in writing, and the Council' response to those issues. The full report is available at appendix 2 with a more detailed report on the Adults SLA at appendix 3 and the full report on the Hardship Scheme consultation in the separate cabinet report on the Emergency Relief Scheme.

ISSUE	COUNCIL RESPONSE
<p data-bbox="236 248 715 315">1. Why the focus on information and advice</p> <p data-bbox="236 327 715 568">A common concern raised during the consultation was that the current proposals focus excessively on information and advice, and neglect other aspects of service delivery such as preventative work which is vital to providing a holistic service.</p>	<p data-bbox="737 219 1388 703">The reason the Council has decided to fund local information and advice is because it sees a growing need for this service due to welfare reforms, increasing homelessness, an aging population, the changing demographics of the borough and the increasingly complex needs people are presenting with. For example currently, 30,733 Harrow residents are thought to be experiencing income deprivation. The provision of high quality information and advice is therefore vital to support residents and enable earlier resolution of potential problems that without intervention could lead to more complex and distressing circumstances for residents which could have been prevented.</p> <p data-bbox="737 736 1388 1010">The Council currently funds a number of organisations through a number of budgets to provide information and advice (around 50% of small grant and around 70% of OBGs fund projects have elements of information and advice in them), but has no Information, Advice Strategy to bring all this provision together in the collective pursuit of joint outcomes.</p> <p data-bbox="737 1043 1388 1391">Changes in technology, the way in which people access advice, improving referral pathways and creating a more co-ordinated offer so people get the right information and advice first time and the need to ensure we create a sustainable financial model for these services means that the Council feels it is right to review the service model and develop a new strategy to address these challenges and support the needs of individuals and groups in the borough going forwards.</p>
<p data-bbox="236 1453 715 1520">2. Information, Advice and Advocacy Strategy</p> <p data-bbox="236 1532 715 1704">VCS representatives sought clarity over the definitions to be used in the Strategy, and others questioned the perceived underlying connotations of the draft wording.</p>	<p data-bbox="737 1424 1388 1597">We have re-drafted the definitions to be used in the strategy to take into account this feedback and clearly articulate what the Council means by the use of these terms and ensure a clear distinction (as set out in the accompanying report on this Cabinet agenda).</p>
<p data-bbox="236 1767 715 1834">3. Links with Other Public Sector Partners</p> <p data-bbox="236 1845 715 2018">Some organisations raised issues to do with the dialogue/communication between the Council and different external bodies throughout the consultation process. VCS</p>	<p data-bbox="737 1738 1388 1980">The council is aware of the need to engage with the CCG on the Information and Advice Strategy we intend to meet with the CCG to discuss impact and appropriate actions to mitigate the funding proposals and we will seek to engage them in the implementation of the Information, Advice and Advocacy Strategy going forwards.</p> <p data-bbox="737 2013 1388 2042">We are also exploring a number of different routes to</p>

<p>organisations questioned whether or not the CCG and police had been informed about the proposals, and if not why not.</p>	<p>find substitute funding for groups at risk of losing council funding including those operating in the area of community safety.</p>
<p>4. Role of the Council</p> <p>Some organisations were concerned that the Council may lack the capacity to deliver the information and advice strategy. There was a view that the VCS were therefore better placed to provide information, advice and advocacy services to Harrow residents, as it was stated the VCS have a 'greater understanding of need' and form closer relationships with their clients than the Council.</p>	<p>The Council also believes that the VCS is better placed to deliver some services, especially in the area of information, advice and advocacy, which is why:</p> <ul style="list-style-type: none"> • the Information and Advice service will be delivered by the VCS and include within it the administration of the Hardship Scheme. • The Council's statutory advocacy contracts are also being aligned to they can be tendered all at the same time, again allowing the opportunity for the VCS to bid and run those services. • We have devolved administration of the tapered grant fund to the infrastructure organisation <p>Any other opportunities for the VCS to deliver services can be explored through the VCS review in the new year, but will be dependent on a strong and sustainable sector, which is why the Council's support to help attract new sources of income is important.</p>

<p>5. Impact of Funding Cuts on organisations</p> <p>A particular focus of the discussion during consultations was on how VCS funding cuts would impact upon organisations and beneficiaries. Many VCS organisations raised concerns that the loss of Council funding would undermine their ability to provide their service(s) in the future, with some suggesting that they would need to close, need would go unmet and some smaller organisations would lack the capacity to fundraise via alternative means.</p>	<p>The Council currently funds 13% of VCS organisations in the borough. Half of those currently funded receive a small grant of up to £4,000 (albeit only £2000 was awarded in 2016/17). We also recognise that there are 4 organisations out of the 38 that receive council funding – Age UK, CAB, HAD and Mind, who receive both an OBG and and SLA and therefore the impact on these organisations might be more significant. However, other organisations have fed back through the consultation that although the reduction in funding would impact on their organisation, their funding is such that the reduction of Council funding would not mean their organisation would close.</p> <p>The introduction of a crowdfunding platform should help many organisations mitigate some of the loss of council funding. The inclusion of a tapered fund to support targeted services that complement the General Information and Advice Service and provide wrap-around services which people can be signposted or referred to, and the commitment the Council is making to work with the VCS and their infrastructure organisation (whose role it is to support the sector in diversifying their funding base and seeking alternative sources of funding,) should also help mitigate the loss of council grants to some organisations.</p> <p>The Council's external funding officer role focusses on bids around infrastructure and regeneration, but would be willing to work with the VCS on opportunities in the areas of employability, skills, health and well-being and adult community learning. Support can also be provided to help grow social enterprise and social investment models.</p> <p>Whilst the Council is mindful of the risk of funding cuts leading to organisations closing and in particular the impact on other services these organisations provide, the Council must ensure that it secures value for money services and that this is directed at those most in need of support. The Council has not given an ongoing commitment to a particular organisation that it will continue to fund it and has kept the VCS sector informed of the financial challenges it faces and the potential impact of this. The Council's main focus is on the impact on users of services, as opposed to the impact on a particular organisation.</p>
<p>6. The tapered fund:</p> <p>Some organisations felt the proposal for a tapered transition fund for non-statutory, specialist services (from</p>	<p>The consultation process outlined earlier shows that 12 months notice was given to organisations that the Council would not be able to provide small grant funding after 30th September 2016 and Outcomes Based Grant and Adult SLA funding in 2017/18</p>

£100,000-£50,000) is too much of a sudden, 'cliff drop cut', which wouldn't provide the VCS with enough time to adjust. On the other hand, there was also a view that the tapered fund proposals would help organisations to overcome the loss of/reductions in Council funding.

pending the outcomes of this consultation.

The Council has considered extending the taper but has concerns about how much value can be achieved from lower amounts being available over a longer period of time.

Work has already started to help identify alternative sources of funding with the diversification of funding event and the establishment of a crowdfunding partner.

<p>7. Ability of VCS to secure other External Funding:</p> <p>Several organisations stated various reasons why sourcing external funding may be difficult and suggested that the Council set up a working group to examine options for VCS funding streams.</p>	<p>A working group has already been set up by the Voluntary Sector Forum of which the Council is a partner and met on 23rd Nov to start discussions about diversifying funding. The Council is also committing to funding an infrastructure organisation for the next 3 years whose role it will be to provide support, training and capacity building to all VCS organisations in the borough to access external funding.</p>
<p>8. Impact on Demand for Public Services:</p> <p>It was noted by some VCS organisations that the closure of organisations/services in response to the funding cuts may lead to extra demand and strain on key public services, as VCS organisations often prevent beneficiaries from needing to go to Harrow Council/NHS to resolve their issues.</p>	<p>The Council has listened to these concerns and decided to broaden the definition of the tapered fund so that it would not just fund information and advice projects but also wrap around services that the general information and advice service could refer or signpost to. The Information and Advice strategy will also set an objective for the VCS and Council to work together towards a sustainable funding basis for these projects/services for when the tapered fund runs out. We should also remember that the Council only funds 13% of the sector, so there will still be organisations in existence in the community that can be referred on to.</p> <p>However, the Council recognises that in some instances the reduction in funding for either Adults SLAs or Community Grants (or both) could lead to the potential closure of some organisations and therefore impact on the delivery of services to the users in receipt of these services or lead to extra demand for Council services. The potential impact of this has been considered in the Council's equality impact assessment.</p>
<p>9. Crowd-Funding:</p> <p>Many organisations raised concerns that crowd funding would not provide a substitute for the loss of Council funding. Some organisations welcomed the proposal to introduce a crowd funding platform, so long as the VCS organisations and Council would work together to make it work and understand how costs will be met and money generated.</p>	<p>The Council has never suggested crowd-funding would be a replacement for core funding, as it is more suited to project based and community grants type activity. The Council has listened to the feedback about needing to work together with the VCS to implement crowdfunding, so the Council and Voluntary Action Harrow have organised an information session for 13th December where local organisations can come and learn more about what crowdfunding is, how it works and how they might be able to benefit from this opportunity. The Council will also work with the VCS to design a support package of training, marketing and advice to be made available to organisations wanting to try crowdfunding.</p>
<p>10. Suggestions for Alternative Sources of Funding:</p> <p>There was support for a co-ordinated strategy to leverage in Corporate Social</p>	<p>The Council is looking at ways of leveraging in money from CSR and social value via council contracts and is willing to look at what other boroughs are doing and to support the sector in exploring social enterprise and social investment models in order to raise new</p>

<p>Responsibility (CSR). Several organisations also supported the idea of VCS organisations themselves becoming more ‘enterprising’, by engaging in social enterprise models to raise additional revenue. Another suggestion was for the Council to enable co-location of VCS organisations to allow them to save on rent costs and encourage more cooperation</p>	<p>forms of funding.</p> <p>With regards accommodation the Council is happy to consider this within its regeneration programme, but recognises that this is not a short term solution to the issues raised through this consultation. The consultation proposed for 2017 on the future working relationship between the VCS and the Council would also include looking at opportunities around accommodation.</p>
<p>11. Infrastructure Organisation:</p> <p>Many of the VCS organisations agreed that there was a need for closer collaboration and a fully functioning, effective infrastructure organisation, to help the sector to access and generate alternative sources of funding and build a strong local consortium. A further suggestion was for the Council to make it easier for people to volunteer for the VCS.</p>	<p>As we go into the re-procurement of the infrastructure organisation we will take this feedback on board. The current lottery funded HCA project on volunteering – V4Change is aimed at increasing volunteering.</p>
<p>12. ERS Feedback:</p>	<p>Responses concerning ERS feedback are captured in the ERS report later on the agenda.</p>
<p>13. Adult Social Care Service Level Agreements:</p> <p>As part of the Adults consultation a number of general themes were identified:</p> <ul style="list-style-type: none"> • Organisations, groups and schemes would not be able to continue • Acceptance and understanding of the financial pressures the Council is currently facing, but a feeling that the Adults budget and VCS funding is not the right place to make reductions • The organisations impacted provide a good service to the community and should be protected • How will the Council maintain its statutory services with so many budget pressures and no support from the VCS • Council decision making over savings proposals did not reflect the Council’s own priorities and the wishes of the Community (who want to protect vulnerable people as a priority) • The VCS stop people coming to the 	<p>In addition to the themes there was also specific feedback from those organisations in receipt of Adult Social Care SLAs. This specific feedback and the Council’s response are set out in detail in appendix 3.</p>

Council's front door services, and to the hospitals – without their services there will be a cost shunt to other parts of the Council and to the NHS

- The capacity of the community and voluntary sector is not fully developed due to the isolated nature of many of the organisations
- The proposals are detrimental to the health and wellbeing of vulnerable people in Harrow
- Access to funding can depend upon developing new projects, which can then threaten core longstanding services and stable organisations
- Users of Voluntary and Community organisations were willing to pay for services that they are currently not being charged for (e.g. helping with paperwork, befriending, handyman, and support groups)
- Capacity within the community and voluntary sector is supported by organisations such as Harrow Community Action.
- Building and sustaining connections between communities is a key to developing a health community and voluntary sector
- The Community and Voluntary sector faces challenges due to the shifting patterns in funding at a national and local level. Alternative charity funders are also facing pressures due to increased demand for them.
- People find the services provided a lifeline, and they stop social isolation and allow people to have a voice

<p>14. Alternative Proposals</p> <ul style="list-style-type: none"> • Merge the budgets for Information & Advice and tapered grants • Explore DWP 'Flexible Support Fund' • Provide an update on 159 campaign • Re-think the budget to be able to continue to fund the VCS 	<p>The Council has decided not to merge the budgets for the general information and advice service and the targeted support grants because we have tightened up our definitions and broadened the remit of the tapered fund so that there is now clearer distinction between them.</p> <p>The Council did not include personal budgeting advice in its agreement with DWP when Universal Credit started in Harrow as we feared DWP had not made enough funding available to deliver it which is being proved right. By accepting it we would have been putting a burden on the VCS to deliver something that was unachievable.</p> <p>Harrow Council is taking every opportunity to make the point to Government about the borough's funding position and is trying every way it can think of to protect local public services. In the past year, we have increased our efficiency, cut back on waste, raised taxes, created new companies to earn commercial income and begun an ambitious regeneration programme to help our borough grow. However with growing pressures and demand the council still faces a funding gap of £83m so every part of the Council is having to do their bit to help close this gap.</p>
<p>15. Positive Impacts of Proposals:</p> <ul style="list-style-type: none"> • the fact it would require organisations to diversify their funding channels so that they would be sustainable without Council funding and would lead VCS organisations to think more long-term about the needs of the community, rather than focusing solely on the 'now', • It could provide an opportunity for closer collaboration and future co-operation between VCS organisations and VCS/Council – particularly in terms of sharing best practice, identifying needs and working together to source funds (through an effective infrastructure organisation). 	

Implications of the Recommendation

Staffing/workforce

- There are no TUPE implications

- Policy team resource previously taken up with running a grants process would instead be re-directed to provide capacity building support to the sector on crowdfunding, external income generation, alternative sources of funding etc.
- There are no redundancy implications, staff previously responsible for administering the Emergency Relief Scheme can be re-deployed within the benefits service.
- Capacity will be required to conduct the VCS review in the new year
- The proposals will potentially increase demand on front line social care staff,; care managers and social workers who are already stretched because if people cannot get support within the community they may end up needing services.

Performance Issues

- The infrastructure organisation contract will contain outcomes, measures and targets that we expect to be delivered and will monitor on a 6 monthly basis, this will include an expectation to contribute towards the Council's duties under the Equalities Act.
- The VCS have identified that there will be an increase in the number of people approaching statutory services, including social care's front door and reablement services. This may negatively impact the performance indicators in this area.
- It is likely that there will be an impact on the Adults Social Care Outcomes Framework performance measures, particularly those that come from survey information as these measure people's general aspects of daily living e.g. Quality of Life, Safety, Choice & Control around People's Daily Living.
- A reduction in Council funding to organisations leads to a reduction in support provided to people in the community, there could be a knock-on impact on demand for Council services, especially those for the vulnerable. Although it is not possible at this stage to quantify, there are areas that may impact upon the Council's ability to deliver its ambitions within the Harrow Ambition Plan (HAP).

Possible impacts include:

Better Harrow

HAP initiatives:

- Increase number of volunteers and volunteer hours across the borough

Performance Indicators:

- Number of cases where positive action is taken to prevent homelessness
- Total number of households to whom we have accepted a full homelessness duty

Business-like/friendly

HAP initiatives: None.

Performance Indicators:

- Number of (Access Harrow) advisor appointments

- Percentage of customer enquiries that should not have been necessary (could see positive impact in longer term with introduction of IAA strategy)

Vulnerable and families

HAP initiatives:

- Improve the 'Outcome Star' performance for those residents who use our Domestic and Sexual Violence services, meaning they feel more safe as a result of our interventions

Performance Indicators:

- First time entrants to Youth Justice System
- Rate of proven re-offending by young offenders
- Delayed Transfers of Care (with social care responsibility)
- % of long term (adult social care) clients reviewed in year
- Number of repeat referrals to Children's Social Care (within 12 months)
- Rate of violence with injury - Domestic abuse
- Percentage of Mental Health service clients living independently
- Percentage of adults in contact with secondary mental health services in paid employment

In addition there may be a number of other potential impacts on the delivery of outcomes within service plans and scorecards.

Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? No

There is a risk from these proposals of:

- Increasing demand on statutory council and health services as preventative services provided by the VCS see their funding reduce. The tapered fund will enable some services that complement the information and advice strategy to continue whilst allowing them time to work with the council and the VCS infrastructure organisation to find alternative sources of funding. The Council will continue to monitor the impact of this through its strategic performance report.
- Risk of inequality as some organisations and client groups may be more heavily impacted than others. The EqIA shows that there is a likely major adverse impact on age, race, disability and religion and a minor adverse impact on gender, marriage, pregnancy and maternity, sex and sexual orientation and sets out a range of mitigations to alleviate this.
- Some VCS organisations may no longer be financially viable and close. The Council has sought to understand the reality of this through its consultation process. The Council currently funds 13% of VCS organisations in the borough so the risk is likely to be to specific organisations rather than to the whole sector. In mitigation the Council

is working with the VCS to support organisations in diversifying their funding base with a first workshop held on 23rd Nov.

- Capacity of the Voluntary Sector to be involved in working groups, Statutory boards and other Council facilitated Community Leadership events could be negatively impacted.
- Reducing the ability for the Voluntary Sector to step into any gaps in service provision that might be created due to other savings proposals.

Having identified these risks, if they are not currently they will be added to the appropriate risk registers.

Legal Implications

The Council has a power to award grants and to commission services in fulfilment of its general statutory duties. There is no duty to provide grants to the voluntary sector, however the Council must consider use of its power in a reasonable way and if proposing to reduce funding, must follow a fair process.

There are specific duties that are relevant to this proposal. This includes specific statutory duties to provide or commission services, which could be commissioned from the voluntary sector, for example the Care Act 2014 places a duty on local authorities to establish and maintain information and advice services relating to the care and support for all people in its area. The statutory guidance confirms that to fulfil this duty, the local authority is likely to have to go further than providing information and advice directly by working to ensure the coherence, sufficiency, availability and accessibility of information and advice relating to care and support across the local authority area. Whilst this is not a duty to commission these services from the voluntary sector, if services are commissioned in this way, the Council must comply with the legislative framework and relevant guidance.

There are a number of overarching duties that are relevant to this proposal. The Care Act 2014 contains duties to promote wellbeing and independence and reduce dependency. This includes consideration to providing universal services and giving universal access to information. One way of complying with these duties is to commission services from the voluntary sector. There are similar duties and powers in relation to children's services and public health. When making a decision to reduce funding, the Council must consider how it will continue to comply with its statutory duties, as well as considering the impact of the reduction.

The Council must comply with its Equality Act duties and in particular s.149, which states:

(1) A public authority must, in the exercise of its functions, have due regard to the need to—

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

- (a) tackle prejudice, and
- (b) promote understanding.

The duty is to have due regard to the stated aims and due regard must be had by Cabinet, as the decision maker. An eqia is attached as an appendix and the equality implications are summarised in this report. When dealing with a proposal to reduce funding for services provided by the voluntary sector, Cabinet must consider the nature of the new services to be provided, the difference in service provision, the limitations in what is currently provided, the advantages of a change in service provision and the losses from changing service provision. The focus should be on the change in service provision and the impact on protected groups, as opposed to a decision not to fund a particular voluntary body. In assessing impact, the Council has taken account of the consultation responses from the voluntary sector and users of the services.

When making a decision, Cabinet must take account of its public law decision making responsibilities. This requires that Cabinet take account of all relevant information, comply with its legal duties and follows a fair process to reach a reasonable decision. The Council has consulted on this proposal and Cabinet must take account of those consultation responses. When making policy decisions to reduce funding, it will not be unusual for the majority of respondents to disagree with the proposal. This does not mean that Cabinet must follow the views of the majority of respondents, it must take account of those responses and balance this with other relevant information. The Council has identified the need to make significant financial savings and this proposal is one way of meeting those savings targets. Cabinet will be considering a draft budget and recommending a budget to full Council for approval. The draft budget presented to Cabinet at this meeting, includes a

funding cut to the voluntary sector services. It is a matter for Cabinet to make a decision on how to commission services to the voluntary sector. If having considered the impact, it believes that the saving proposal is not appropriate, it can amend the draft budget to be presented and recommended to full Council.

When making a decision, Cabinet must take account of its public law decision making responsibilities. This requires that Cabinet take account of all relevant information, comply with its legal duties and follows a fair process to reach a reasonable decision. The Council has consulted with the VCS on the funding reductions and Cabinet must take account of those consultation responses.

The Council has identified a different way to commission services to ensure a more holistic approach, as well as providing an opportunity to provide services at a lower cost. The IAAS strategy is contained in a separate Cabinet report, but is inevitably linked to this report. It is a matter for Cabinet to make a decision on the level of funding available to commission services from the voluntary sector and to consider any risks associated with reducing the level of funding. If having considered the impact, it believes that the service cannot be commissioned within the budget proposed, Cabinet can amend the draft budget to be presented and recommended to full Council.

Financial Implications

- The total VCS spend for Adult Social Care is currently £799,000/yr. The proposal from April 2017 would see the funding from Adult Social Services reduce from £799,000 to £379,000 through a reduction in the adults SLAs (£420,000) leaving Adult Social Care funding statutory Care Act services only.
- Together the Community Grants and the Harrow Emergency Relief Scheme the Council spend £600,000 (£330,000 and £270,000 respectively). In total the Council would need £419,000 to fund this proposal in 2017/18 (£200,000 for the General Advice provider, which will include within it £10,000 for a Hardship Scheme and an additional £26,000 for Housing Advice, making a total of £226,000; £100,000 for the tapered grants fund; £60,000 for the infrastructure organisation, starting from 1st October 2017 - currently funded at £75,000 per year so there will be a part year effect of £7,500; and £25,000 Top-Up fund for crowdfunding projects.
- This would lead to a budget reduction of £207,000 in 2017/18 and because of the taper and re-commissioning of the infrastructure organisation there would be further reductions of £57k in 2018/19 and £50k in 2019/20 making a total reduction of £314,000 by 2019/20.
- Due to organisational capacity, we are proposing to stagger the procurements associated with this decision: General Information and Advice for 1st July 2017; Infrastructure organisation for 1st October 2017 and Care Act and Advocacy contracts for 1st April 2018

- Adult Specific funding implications re: capacity, pressures and other MTFs proposals which create a drain on existing capacity.

Equalities implications / Public Sector Equality Duty

An equalities impact assessment has been developed alongside the consultation process. The full report is at appendix 1.

As the EQIA has shown, and the VCS has stated throughout the consultation, continuing with the proposals put forward by the council will potentially have major adverse impact on VCS organisations and their service users particularly, age, disability, race and religion and minor impacts on gender, marriage, pregnancy and maternity, sex and sexual orientation.

Proposals to mitigate the adverse impact include:

- Include the provision of translation/interpretation support as part of the tender specification for the new information, advice and advocacy service, or through access to the tapered fund.
- Include outreach work on key areas of support, as identified in the needs analysis (e.g. welfare reform), in the service specification for the generalist advice service.
- Ensure organisation(s) procured to provide the new service or awarded a targeted grant demonstrate better coordination of referrals.
- Ensure the infrastructure organisation is able to support organisations of all sizes/specialisms to attract alternative sources of funding for their services.
- Ensure the infrastructure organisation for supporting the VCS is able to maximise volunteers into the VCS so as to build up capacity and knowledge of specialisms.
- Include volunteering as part of the service specification for the new generalist information and advice service.
- In its Information, Advice & Advocacy Strategy, we recognise that one risk of procuring services (generalist and targeted) in a holistic way is the potential loss of specialist providers, and this may impact groups of particular protected characteristics, although the expansion of the tapered fund would mitigate this risk more than the original proposal
- Set up a Crowdfunding platform to support the VCS to attract alternative funding, as well as ensure the infrastructure organisation proactively supports organisations to identify alternative funding and submit robust applications for funds.
- Set up a session between the crowdfunding partner and local VCS to explore how crowdfunding can best work in Harrow and how local opportunities for income maximisation can be realised.
- Help the VCS explore avenues to exploit local philanthropy and tap into local businesses for donations.
- Work closely with VCS organisations to support them towards sustainability, this includes considering viable projects that could be

funded through the crowdfunding platform, support to put costed services onto the electronic system My Community ePurse (this would allow them to advertise costed services to people with personal budgets).

- Review impact of proposals within 12 months of the new General Information and Advice contract starting. Monitoring will be undertaken by the Policy Team, as contract managers, with overall responsibility resting with the Divisional Director for Strategic Commissioning
- The Information, Advice and Advocacy Strategy will also bring about some positive impacts on protected characteristics, these are covered in IAAS report and associated EQIA.

Council Priorities

The proposal supports the Council's ambition to Protect the Vulnerable by committing to a 3 year funding arrangement with the VCS that focusses on statutory services and information and advice services for those most in need

It also contributes to being more business- like by committing to work with the sector to look at alternative sources of finance and financial models to sustain the sector in the absence of Council funding.

Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 14 November 2016		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 14 November 2016		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	YES
EqIA cleared by:	Alex Dewsnap Divisional Director

Strategic Commissioning

Johanna Morgan
Divisional Director
People's Services

Section 4 - Contact Details and Background Papers

Contact:

Rachel Gapp
Head of Policy
0208 416 8774
Rachel.Gapp@harrow.gov.uk

Rachel Dickinson
Care Act Programme Lead
0208 424 1359
Rachel.Dickinson@harrow.gov.uk

Background Papers:
None.

**Call-In Waived by the
Chair of Overview and
Scrutiny Committee**

NOT APPLICABLE

[Call-in applies]