

VCS Funding Proposal Consultation

Feedback and Responses – November 2016



Contents

Introduction.....	3
Background and Context	3
The VCS.....	4
Consultation.....	5
Your Feedback and Responses.....	7

Introduction

The purpose of this report is to review the feedback from the recent consultation with Voluntary Community Sector (VCS) service providers and beneficiaries on the Council's 3 year funding proposals for the VCS which would result in a reduction in discretionary funding and a shift in the strategic relationship between the Council and the VCS with future Council provision focussed on statutory service delivery, general information & advice, and working in partnership with the sector to access and generate alternative sources of funding and build strong local consortia.

The proposals in the consultation were to:

1. Continue funding statutory Care Act and advocacy service provision
2. Tender for a generalist advice service for 3 years
3. Introduce a tapered fund allocated via a grants process for specialist and non-statutory information and advice that the Voluntary and Community Sector could access over the next two years and would reduce incrementally to zero by year 3.
4. Provide support through officer capacity and other initiatives such as crowdfunding to assist the sector and the community to bring in additional income.
5. Arrange a Harrow Crowd-funding platform with a specialist provider to support access to this alternative funding option and a Council Top-Up Fund which would be used to contribute towards Crowdfunding initiatives.
6. Continue to fund a Voluntary and Community Sector infrastructure organisation on the same or similar specification as now.

The feedback from the consultation process shows concern by local organisations and service users but also a willingness to work together to do the best we can to mitigate the impact of the proposal, with events either planned or already having taken place, jointly organised by the Voluntary Sector Forum and the Council, to discuss the diversification of funding for the VCS, and ideas/ suggestions being put forward by the people who use the service to support the sector on a smaller scale.

Background and Context

Harrow is one of the lowest funded councils in London and a recent review identified that in 2015/16 Harrow's revenue spending power per head is projected to be £159 (or 17.3%) lower than the London average which ranks Harrow 26th out of the 32 London Boroughs. The amount of Government funding we receive continues to reduce from a total of £86.9m in 2013/14 to £42.7m in 2018/19 as a result of the national public sector austerity measures. Harrow Council therefore estimates that it will have to save £83 million in the 4 year period 2015/16-2018/19. In order to be responsible and balance our books, Harrow Council has to make further savings.

Harrow Council has been trying every way it can think of to protect public services – especially those needed by the most vulnerable people in our borough. 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

Examples of this within Adult Social Care include; partnering with IBM to look at more efficient ways of using technology as a commercial solution to promote choice and control, community management and self-financing models of service delivery and looking at alternative methods of providing leases to support sustainability.

However, there is a need for the Council to make more savings. The Council controls how to spend about £165m. This is where we need to find all our savings from.

The VCS

The Council currently spends around £1.45m per year on the services included in the proposal: Adult SLAs - £799,000 (of which £379,000 funds Care Act specific services), Community Grants £330,000, the Emergency Relief Scheme £270,000 and £26,000 from the Housing Revenue Account (HRA).

The Council will continue to fund statutory service provision around Adults Social Care including Statutory Adults Care Act support (in three contracts for carers, information and advice and advocacy) within the budget of £379,000, statutory advocacy for Children's Social Care, Mental Health and Independent Health Complaints Advocacy (approx. £130,000 in total) and statutory Children's Services information and advice (SENDIAS and Careers Information and Guidance.) There will therefore be no direct savings from these budgets within these proposals and we intend to let new contracts lasting 3 years for these services in 2018.

The proposed savings will come from:

1. Service Level Agreements: Adults Social Care – Service Level Agreements; Adults are consulting on a proposal to reduce the £799,000 representing the total VCS spend for Adult Social Care by £420,000 through a reduction in the SLAs. The proposal from April 2017 would see the funding from Adult Social Services reduced to statutory funding only. (These contracts are commissioned as part of the Care Act 2014 implementation programme and total £379,000)
2. Community Grants and the Harrow Emergency Relief Scheme – together the Council spends £600,000 on Community Grants and the Emergency Relief Scheme (£330,000 and £270,000 respectively). In order to fund this proposal the Council will need to spend the following in 2017/18:
 - £200,000 for the General Advice provider, which will include within it the option of £10,000 for a Hardship Scheme cash payments (and an additional £26,000 for Housing Advice from the HRA.) Making a total of £226,000;
 - £100,000 for the tapered grants fund for targeted support

- £60,000 for the infrastructure organisation, starting from 1st October 2017
- £25,000 Top-Up fund for crowdfunding projects.

In total £419,000 is needed to support this proposal in 2017/18 which will lead to a budget reduction of £207,000 and because of the taper there will be further reductions in subsequent years. So by 2019/20 the total budget reduction will be £314,000.

We believe there are synergies with the Emergency Relief Scheme and how it is delivered and the holistic work that the Voluntary and Community sector does. Whilst it has been necessary to reduce the programme funding to the Emergency Relief Scheme, the Council is considering the option of integrating the delivery of this service with the Generalist Information & Advice contract.

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.

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 in 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. In terms of the Adult SLAs, this 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 also consulted with the public and service users. Outreach and engagement activity included:

- An Online survey open to the public
- 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, including the service users and carers who attended the adult specific engagement events.

Your Feedback and Responses

The following is a summary of the all issues raised through the consultation process on the funding proposals between 22nd Sept and 31st October received either via the online questionnaire or in writing, and the Council' response to those issues. There is a separate and more detailed report on the specific feedback on the Adults SLAs included

in appendix 3 and the detailed consultation findings on the Hardship Scheme are appended to the Emergency Relief Scheme Cabinet Report.

1. Why the focus on information and advice

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. Numerous representatives picked up on this point, stating that crucial areas to their service which don't fall under the 'information and advice' category (such as engagement and outreach work), are not referred enough in the proposals, but are nevertheless vital to providing a holistic service. Some also stated that the main needs are around advocacy, rather than information and advice.

- *'Why is funding centred on Information and Advice – a lot of organisations do other things (beyond this), so has the Council considered this?'*
- *'Funding for a specific info and advice service, without the added dimension of outreach and engagement, particularly where youth are concerned, is not the right way to go about designing services.'*
- *'It's just assumed money will be there for engagement work/activities.'*
- *'How do we work together to support preventative services?'*
- *'Need to reach people before they reach crisis point'*
- *'Rethink strategy of providing only advice services. People suffer from other things over and above not getting advice, e.g. social isolation.'*
- *'Putting all the money in Information and Advice is not the right move.'*

Some representatives requested as a result that the Council provide the VCS with the framework/rationale used to make the decision to focus solely/largely on information and advice.

Response:

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.

The Council currently funds a number of VCS 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.

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 Councils 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.

2. Information, Advice and Advocacy Strategy

VCS representatives sought clarity over the definitions to be used in the Strategy, and others questioned the perceived underlying connotations of the draft wording.

Definitional queries focused mainly on the use of the distinction ‘General’ and ‘Specialist’ advice services. It was suggested that without clarification over these definitions, VCS organisations would be unable to provide meaningful and effective responses to the consultation. Some representatives were uncomfortable with the distinction; as it was felt that it means some advice can only be gained through specific journeys and therefore ‘works against the principle of a holistic service’, whilst others believed that the distinction suggests that ‘specialist’ services are simply a less significant ‘add-on’, and that requiring specialist services are of lower priority than those in the general advice categories.

- *‘Please define ‘general advice’ and ‘specialist non-statutory advice’, as stated in the consultation document, including how the definition of these services is different from the statutory provision for Information & Advice under the Care Act 2014’*
- *‘Your “ambitions around Information & Advice provision in the borough” are incomprehensible unless we understand your definitions of ‘general advice’ and ‘specialist non-statutory advice’.’*

Other Information & Advice Strategy queries included:

- *A suggestion to use the word ‘service’ rather than ‘provider’ – as it was perceived that provider doesn’t allow for partnerships/consortium service delivery*
- *A concern that ‘General’ is a bad word to use as services must focus on ‘specific outcomes’ and this word may convey a lack of focus on this.*
- *‘Some clients have multiple issues that are not accounted for. They may go in for ‘generalist’ advice but really require ‘specialist’.*
- *‘Lack of evidence of the Council’s consideration of the outcomes from the summer engagement on Information and Advice. Single point of contact was popular but not referred to in strategy’*
- *‘Information given out on the amount of funding to the groups without verifying the amounts or number of beneficiaries. This information was inaccurate’*

Response:

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. So for example, we are no longer referring to ‘specialist’ information and advice services, but ‘targeted services’ and provided a broader description as to what this would cover. We are keeping the term ‘General Information and Advice’ as it is a term widely used by many local authorities but again provided a clearer description of what the Council means by this. We have also set out these revised definitions in a diagram form to be included in the strategy.

There was a strong feeling at the co-production events that a one-size fits all, single point of contact would not work and that a more holistic approach to resident’s needs and better join up, co-ordination and collaboration between service providers was required which would allow specialists and specialisms needed to be retained. Therefore the strategy has adopted this approach.

The information given out at the consultation events on the amount of funding the Council currently gives VCS organisations via Community Grants and Adults SLAs was 2014/15 data which, was the last available data in the public domain as the 2015/16 grant monitoring has been delayed at the request of the VCS, to allow them time to engage with this consultation process. This means that the last available data we have on the number of beneficiaries is from 2014/15. However, the 2014/15 data does not reflect the subsequent cut in Outcomes Based Grants and Small Grants funding agreed by the Council in March 2015. As a result 2016/17 figures were also made available to the VCS at the consultation events.

3. Links with Other Public Sector Partners

Some organisations raised issues to do with the dialogue/communication between the Council and different external bodies throughout the consultation process. VCS organisations questioned whether or not the CCG had been informed about the proposals, and if not why not.

- ‘Engage CCG more’
- ‘Have we got CCG and NHS foundation on board?’
- ‘The CCG has to be engaged in this process’
- ‘CCG need to be more informed about impact’

Another organisation asked if the Police had been contacted in terms of the impact which the loss/reduced service of Ignite may have on the pressures on their service.

Response:

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 and the Police 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.

We are also exploring a number of different routes to find substitute funding for groups at risk of losing council funding including those operating in area of community safety.

4. Role of the Council

Some organisations were concerned that the Council may lack the capacity to deliver the information and advice strategy:

- *‘Do Council staff have the relevant experience in the statutory areas (e.g carer, advocacy, advice and info) to provide service/offer support? Will the Council be able to afford bringing in more staff?’*
- *‘Council capacity already stretched - will it be able to support partnership?’*
- *‘Domestic abuse and housing advice services and support should be outsourced as council do not have the expertise.’*
- *‘Will the Council be able to offer the culturally sensitive service needed to provide for the diverse population of Harrow?’*

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:

- *‘I think that the VCS deliver most services more effectively than the Council. Voluntary sector groups are often closer to the ground, have more direct interaction with their user base, and form more personal relationships with their clients. This leads to a greater understanding of need, and the ability to provide a more tailored, bespoke service.’*
- *‘Our clients value the fact that we are independent, free and impartial and will sometimes accept decisions and explanations through us that they find challenging when dealing with authorities.’*

Response:

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 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 so they can be tendered all at the same time, again allowing the opportunity for the VCS to bid and run those services. We have also devolved the targeted support tapered grant fund to the infrastructure organisation to administer.

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.

The consultation was seeking views on how council capacity could best be used to support the VCS. Yes, council capacity is stretched, so we will need to think carefully

about how it can best be used. The feedback from the consultation was that council capacity would best be focussed on helping organisations to leverage in other sources of funding and diversify their funding base, which has already started.

5. Impact of Funding Cuts

A particular focus of the discussion during consultations was on how VCS funding cuts would impact upon organisations and beneficiaries. Out of the 19 organisations that responded to the online questionnaire, 18 raised concerns that the loss of Council funding would undermine their ability to provide their service in the future, with 6 suggesting that they would need to close.

- *‘A vital element of our user involvement/engagement service is completely reliant on Adult SLA funding and without this will cease to exist. This will impact on these vulnerable people significantly.’*
- *‘Loss of core funding will mean some organisations will stop entirely because they won’t have capacity’*
- *‘The impact of cuts will be devastating (on the VCS sector)’, and will trigger a ‘culture shock to the VCS which will see some organisations close and others marginalized’.*
- Impact on organisations receiving Adult SLAs:

In addition to the issues covered in this report, there was specific feedback received by those organisations in receipt of Adult Social Care SLAs. This specific feedback and the associated responses are set out in detail in appendix 3.

- Impact on organisations receiving Outcomes-Based Grants (OBGs):

The 5 organisations in receipt of OBGs that responded to the online questionnaire said that the loss of Outcomes-Based Grants would have a negative impact on their organisations. However, other organisations that attended the consultation workshops suggested that they would be able to continue operating without their OBG.

Concerns were raised that organisations in receipt of OBGs would not be able to continue providing either some or all of their service if the funding proposals were implemented:

- *‘We may need to close a project in Wealdstone that is key to building relationships with young gang members and moving them on a journey that takes them into employment or back into education’*
- *‘If funds were to be stopped abruptly, we would not be able to sustain the service or pay our staff’*
- *‘We could raise subscription costs to compensate for loss of Council funding, but the very high likelihood is that members would leave because of the higher costs & then we will have even further reduced funding due to fewer members.’*

The main concerns raised were that: engagement and outreach work would be at greatest risk as a result of the new funding proposals, the loss of Council funding leaves organisations vulnerable to closing/being left under-resourced (particularly smaller organisations), and services stopping would result in the needs of vulnerable people going unmet. A further view was that the trust and confidence that has been built in the community, particularly with vulnerable clients, would be lost.

Response:

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 an SLA and therefore the impact on these organisations might be more significant. However, some organisations have also 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.

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.

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 can 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.

Questions were also asked about what support the Council's external funding officer role could provide. 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.

- Impact of stopping Small Grants:

A concern was raised over the impact of loss of Council funding for organisations in receipt of small grants (although it should be noted that only 1 organisation in receipt of a small grant responded to the online questionnaire). It was stated that these

organisations lack the infrastructural capacity to fundraise/apply for the larger funding pots:

- *‘It is a significant draw on resources, especially for smaller groups, to ask them to apply for grants on an annual basis.’*
- *‘Small grants organisations rely on Council funding as they lack spare funds to be able to apply for larger funds.’*
- *‘Whilst we try to raise additional funding via Gift Aid & by bag packing at local supermarkets at the busiest times of the year (Christmas & Easter) this only provides very limited income’*

Some organisations stated that the Council should therefore provide more of a safety net for smaller organisations at risk of closing.

A further view was that reduced Council funding to organisations in receipt of small grants would also impact organisations which do not receive the grant:

- *‘Even though we’ve never had a Small Grant, the added pressure all round will have a knock on effect on our organisation.’*

A final question was whether or not there will be an impact assessment on the effects of the funding cuts on Harrow Residents.

Response:

The Council has committed to continue to fund a VCS infrastructure organisation as part of these proposals as it has demonstrated clear added value in leveraging in additional external funding into the borough. It will be the role of this Infrastructure Organisation to support all VCS organisations in the borough with capacity building, support and advice on how to attract more money in. As stated above, the Council is also making some capacity available to support this work and will set up a crowdfunding platform. An event organised by the Voluntary Sector Forum has already taken place on 23rd Nov on diversifying funding. Another suggestion made at the consultation events was to encourage services to amalgamate/merge where possible to better enjoy economies of scale and maximise income across a larger geographical area.

Organisations were notified in December last year that the Council would not be able to guarantee the Outcomes Based Grants or Small Grants funding from 2016/17 and that grants would only be extended until 30th September 2016, giving organisations 12 months notice to start preparing for the loss of council funding.

An EqIA has been developed alongside this consultation looking at the cumulative impact on certain groups and accompanies the cabinet report at appendix 1.

6. The tapered fund:

Some organisations felt the proposal for a tapered transition fund for non-statutory, specialist services (from 100-50-0) is too much of a sudden, ‘cliff drop cut’, which wouldn’t provide the VCS with enough time to adjust and may therefore prevent them

from being able to retain staff which they had trained up as experts in areas such as advocacy.

On a similar point, some organisations also saw this as unfair towards trainee interns and staff who rely on VCS organisations for their professional development, as they would risk losing their jobs/training opportunities due to the organisations' lack of resources.

- *'Tapering to 0 means we risk losing staff that we've trained up. We cannot plan, need stability. Some orgs cannot cope without Council funding, others can.'*
- *'Skilled volunteers would be lost'*
- *'Must highlight the potential impact of cuts on vulnerable people but also on the counsellors and trainee interns who rely on working at our organisation for professional development.'*
- *'Volunteers – volume, welfare, long term training and development need to be considered.'*

On the other hand, there was also a view in the online questionnaire responses that the tapered fund proposals would help organisations to overcome the loss of/reductions in Council funding, although some stated that there may be difficulties once the fund had stopped:

- *'Tapered fund will assist us to make the transition from Local Authority funding to alternative funding sources, which will enable us to provide a specialist service'*
- *'Having some certainty about funding over a 3 year period is helpful, and tapering does leave room for other fundraising activities to plug the gap as money reduces. However, with the difficulties of levering in other money, it is difficult to see how a service could continue beyond the first two years.'*

It was therefore suggested that the tapering period either be extended and more gradual, or that there be some 'residual amount' of funding available for VCS organisations after the tapering period is over.

- *'Impact will be magnified due to the lack of 'grace period' for transition to new model'*
- *'Need a longer transition fund, to help organisations to source new funding opportunities. Some organisations are not covered by £100k tapered fund.'*
- *'We (VCS) need support in the interim between the end of funding and building up sustainability.'*

Another suggestion to overcome these issues was that the Council incorporates a 'credit union styled funding approach' (like a bank that the VCS can borrow from) rather than phasing out Council funding.

Feedback on whether the tapered grants should be awarded annually or for the 2 years was split.

Response:

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

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. Given what the VCS have fed back about the difficulties to plan ahead with an annual grant review, we have decided the tapered grants should be awarded for the 2 years with the expectation of support from the infrastructure organisation to find more sustainable sources of funding during that time.

The Council would be happy to look at a loan model as part of the review in new year but we have concerns about a bank/loan model due to the ability of the Council to cash flow such an arrangement. We would also be willing to work with the VCS to explore opportunities to raise money from social investment which is in-keeping with the feedback from the Co-production event in July.

7. Ability of VCS to Secure other External Funding:

Several organisations stated that the loss of Adult SLA Core funding would significantly undermine their ability to source enough funding from external sources to either fully or partially replace that which they currently receive from Adult SLAs. Specifically, 7 organisations stated that they would be unable to source external funding at a level to *fully* replace the funding they currently receive from Adult SLAs, and 7 stated that they would be unable to source external funding to *partially* replace that lost. 2 organisations in receipt of Adult SLAs stated that they would be 'quite likely' able to partially replace the funding, however their comments offered 'no guarantees' that this would happen.

One of the main reasons given for this was that organisations in receipt of Adult SLAs would risk losing vital infrastructure (IT, Client Management Databases and Staff) that provides the capacity needed to apply for grants. Similar concerns about infrastructural capacity were found in the online questionnaire responses.

- *'To secure external funding, our organisation will need to divert personnel resources away from other areas of work'*

Additionally, there was a view that organisations in receipt of Small Grants would have a particularly low chance of success in applications for external funding due to their low capacity:

- *'We (Organisations in receipt of Small Grants) just cannot compete for grants or on-going funding against larger organisations'*

Some stated that external funding bodies may check to see if the Council is funding an organisation to check whether or not it is 'stable' enough to be awarded funds:

- *'The external funding sources will look to see if the Council is funding (the organisation applying) as a way of judging how stable the organisation is'*

Online questionnaire responses also listed further reasons why sourcing external funding may be difficult, many of which focused on the economic climate, perceptions of Harrow being 'affluent', increased competition for grants and VCS sector funding declining:

- *'With the economic climate it is getting more difficult to get external funding'*
- *'Grant giving bodies are under pressure from a growing number of applicants'*
- *'Attracting funding for youth work in an area like Wealdstone is difficult because the name "Harrow" is synonymous with affluence'*
- *'Sector funding has steadily declined over a number of years which has diminished the resilience of the VCS, meaning organisations have less contingency funds'*
- *'Short-term we will be unable to source additional funding due to time-lag between putting in successful application and receiving funds'*
- *'Funding sometimes available for niche, time-limited projects, but this will only provide service for very particular client groups. It is practically impossible to get funding for a generic and holistic service'*

On the other hand, there was a view that it may be possible for organisations to recover the loss of some Council funding, by searching for and identifying potential alternative funding sources like the Hackney Giving Scheme which encourages donations from philanthropists and local businesses. Local businesses in Harrow were identified as a potential untapped resource for VCS.

- *'We may be able to source unrestricted funding that Harrow residents are able to benefit from going forward'*

As a result of their concerns, organisations suggested that the Council set up a working group to examine options for VCS funding streams. Similarly, during the online questionnaire, a suggestion was for the Council to help VCS organisations identify potential funding streams.

- *'Set up a working group to explore funding opportunities and streams – including food banks and corporate/ private investment'*
- *'Any support from Harrow Council to identify and secure alternative streams of funding sources would be much appreciated'*

Response:

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.

The Council has pledged to provide some officer capacity to support the leveraging in of external funding and the Council's external funding officer role, whilst focused on highways and public realm bids is willing to work with the VCS on joint bids for skills, employment, health and well-being and adult community learning projects and providing support for developing social enterprise and social investment models.

The Council will also be setting up a crowdfunding platform . The consultation results suggest 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.

8. Impact on Demand for Public Services:

It was noted by most 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. Some organisations stated that for a relatively small investment through Council grants, Harrow benefitted from services which provided high value and prevent public services from being overwhelmed by demand.

- *'Many of the smaller VCS groups for instance currently stop people from coming through the front doors of Harrow Council/Social Care services'*
- *'The impact of a funding cut could be significant in terms of patients being admitted to hospital where they didn't want to be, increased pressures on local hospital to find beds, ambulance service etc.'*
- *'The voluntary sector provides invaluable services to the local community, often providing preventative or intervention services that mean that their service users do not need to access other statutory services. The removal of these services means that the Council will be the first port of call for all of those affected by the loss of the original service, which will put a lot more strain on the Council's already stretched resources.'*
- *'What will happen at the Civic Centre when all the ex-service users start turning up asking for emergency assistance. Will you be able to cope with this?'*
- *'Have you thought of service users of charities that have folded ending up in A&E, or the overburdening of the few remaining services? This process represents the Council shooting itself in the foot!'*
- *'The very significant contribution of VCS to Harrow adult social care is often not recognised and its preventative impact not quantified'*

- *‘Isolated people will not have any service and they will quickly become either critical, or rely more on statutory services which will cost the Council more in the long run’*

These concerns led to claims that under current proposals, the cuts would create numerous ‘vicious circles’ in service delivery, as in a context of smaller VCS organisations closing due to cuts, the Council’s proposed Information and Advice service may not be able to refer those requiring specialist help to any organisations which can address their issues.

A further consequence suggested was that an organisation could focus either on maintaining vital engagement/outreach work, or on actual service delivery, but could not afford to continue doing both.

- *‘Vicious circle - there'll be lots of signposting to specialist orgs - but will those organisations exist after the cuts?’*
- *‘People can’t be signposted if there’s nothing to signpost them to.’*
- *‘Cutting funding from the elderly & other vulnerable groups will only increase isolation & other problems which will only serve to increase pressures on the advice services that are funded, so creating a vicious circle.’*
- *‘It may get to a point where organisations close due to lack of funding, so people go to the council's advice centre, only to be told there is nowhere specialist that can help.’*

Response:

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 and other providers 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 to.

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.

A suggestion made at the consultation events was training volunteers to become peer to peer advocates and conduct outreach and engagement work on behalf of the VCS and public sector, identifying vulnerable members of the public who may need assistance. This could be considered as part of the targeted support

9. Crowd-Funding:

Many organisations raised concerns that current proposals would not provide a substitute for the loss of Council funding. It was often stated that crowd funding would not be a suitable way to replace the core funding some organisation will lose, and one organisation pointed out that there should be no assumptions that organisations would be supported by their national parent organisations 'just because they share the same name/brand'.

Additionally, a view was raised that some services will not be able to obtain funding from external sources (e.g. grants-awarding bodies) if Council funding was lost because their services are seen as supportive to the Council's statutory obligations.

Many stated that there was a perceived 'over-reliance' on crowd-funding as the main way to fundraise/mitigate against the impact of Council Cuts.

- *Crowd-funding is one option (to raise money), but it's not going to cover everything'*
- *'Crowd-funding is just sweetening a bitter pill'*
- *'Need more than the crowd-funding to maximise income - what alternatives exist?'*
- *'Groups which are not so good at fundraising will not last'*
- *'Crowd-funding is inherently unstable, fluctuating and limited in how much it can raise'*

There was a belief that success in using crowd funding depended upon the nature of the service provided, as some causes or issues were not seen to be 'attractive or global' enough to attract interest/funds using this model. It was also stated that Crowd funding tends to work better for 'single-issue causes' linked to specific short term campaigns, than it does for organisations with on-going projects - thereby calling into question the VCS organisations' ability to sustain projects using this model.

A further concern raised about crowd-funding was that for some organisations, clients and staff may not find the concept of crowd-funding attractive or appealing, and may also struggle to access it online.

- *'Crowd funding won't necessarily be attractive to elderly clientele'*

Other 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.

- *'Crowd-funding very welcome, but the sector will need to work collaboratively to get it off the ground and understand how costs will be met and money generated'*
- *'Crowd-funding is the answer'*

Some stated that to make a success of the crowd-funding initiative, VCS organisations would need effective training from the Council on how to market/network their services.

- *‘(VCS) have to learn how to market services properly to increase awareness and accountability.’*
- *‘There is a certain skillset needed within organisations to successfully access Crowd-funding. Organisations need to market/showcase their services so the Harrow community have awareness of the benefits.’*

It was also noted that any training offered to the VCS should be tailored to suit each organisations’ training/skills needs, to avoid any duplication of work or unnecessary training.

Response:

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.

10. Suggestions for Alternative Sources of Funding:

A popular view was that there is an ‘untapped’ source of funding for the VCS in the local, national and multi-national business sector. It was suggested that with the ‘right approach’ the VCS could tap into the ‘social conscience’ of local businesses, although it was recognised that this may be challenging in Harrow due to the borough’s high small business composition. There was support for a co-ordinated strategy to leverage in the Corporate Social Responsibility support of multi-nationals.

- *‘Need to raise money from business sector’*
- *‘Sponsorship from large national brands that have stores in the borough.’*

Several organisations also supported the idea of VCS organisations themselves becoming more ‘enterprising’, by engaging in social enterprise model to raise additional revenue.

- *‘We should create social enterprises and tap into social conscience of local businesses’*

However, it was noted that there is a ‘risk-averse culture’ in some charities and VCS organisations, and some organisations (particularly smaller ones) may therefore be less inclined to enter ‘risky social enterprise ventures’.

It was suggested that Harrow learns from other boroughs about how to best support the VCS. In particular, some organisations proposed something similar to the Hackney Giving Foundation model.

- *‘Harrow should learn lessons from funding models/methods used in Brent, as well as in wealthier boroughs such as Westminster, Kensington and Chelsea’.*

Another suggestion was for the Council to enable co-location of VCS organisations as seen in Hackney to allow them to save on rent costs and encourage more cooperation. One organisation stated that their office rental costs were set to double in 2017, due to government changes to planning laws which have allowed developers to convert office blocks into flats more easily, reducing the number of offices available. There was a view that the Council as a whole should therefore work more closely together and with the VCS in order to address these issues.

- *‘The Council may want to consider giving us (the VCS) premises without commercial rent’*
- *‘Provide us with affordable office space’*
- *‘A significant portion of our costs relate to rental. If it were possible for the Council to provide help in kind such as premises linked to the relocated Council offices more money could be directed to support for residents.’*
- *‘Provide premises with non-commercial rent’*

Response:

The Council is looking at ways of leveraging in money from Corporate Social Responsibility (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 forms of funding.

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.

11. Infrastructure Organisation:

In both the online questionnaire and consultation sessions, 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. It was claimed that having an effective infrastructure organisation ‘helps with attracting funding, and performing vital elements of service such as engagement and outreach work’.

- *‘VCS must have a way of maintaining an organised voice, capacity building support, fundraising and governance support’*

- *‘Having a dedicated infrastructure organisation in Harrow is a positive step. The stability provided by having an advocate for the voluntary sector in the borough is priceless, and it will be beneficial for smaller organisations looking for support to find funding etc.’*
- *‘This kind of partnership working is potentially of value in bringing the voluntary sector together.’*

Most respondents supported the idea of the Council working in a leadership capacity, to provide a ‘representative voice’ for the sector.

- *‘HCA good at getting people on board, but we need a representative body to provide leadership and voice for the sector - something to facilitate and be held to account.’*
- *‘Another mitigation would be for the council to support VCS by providing a representative voice, help sustainability.’*
- *‘Without somebody providing capacity building and support the voluntary sector will sink even faster and further.’*
- *‘Improve communication between organisations’*

A further suggestion was for the Council to make it easier for people to volunteer for the VCS, such as by facilitating flexible working patterns and providing volunteer training:

- *‘Make it easier to volunteer: support the VCS in building more flexible patterns of volunteering’*
- *‘VCS require a structured training programme to increase volunteering’*
- *‘Our main needs are not for greater income but for greater people power and for assistance in streamlining volunteer recruiting and management.’*

Another popular comment was that the Council should ensure that it engages in continuous, open dialogue with the VCS sector in designing and maintaining this infrastructure organisation.

- *‘Involve the VCS in designing the spec for the infrastructure organisation (HCA).’*

Response:

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. It will be important to see how this project delivers and what the learning there will be from this project to support future ambitions around volunteering which can be picked up as part of the review in the new year.

12. ERS Feedback:

Responses concerning ERS feedback are captured in the Council’s ERS report.

13. Alternative Proposals

Some organisations believed that the Government and Council should provide more funding assistance than is laid out in the proposals.

There was also a suggestion from one organisation to merge the budgets for the general information and advice service and the tapered grants into a single budget and commission.

It was stated that the DWP ‘has pots of money’ available through its Flexible Support Fund and that it also had the resources to provide ‘personal budgeting advice’ through the VCS. It was also requested that the council provide an update on the ‘159 campaign’ which is lobbying government for a fairer funding deal for Harrow.

Many organisations also sought a ‘budget re-think’, with one stating that they believed the Council could obtain funds for the VCS from other areas in its budget.

One organisation also questioned whether or not the Council should take over the funding of elements of their services – as it was claimed that in some cases these represent a vital element of Council's equalities and public law duties and should come under the statutory obligations of the Council.

- *‘Fund us – we can do it cheaper and more cost effectively.’*
- *‘The current funding climate is incredibly difficult, with Councils all over the country being asked to reduce spending in order to meet the requirements of Central Government in line with austerity measures. However, I do think it needs to be considered that there is only so much you can take away before the Council starts to fail in it's duty of care to its residents.’*
- *‘We would urge you to keep the current small grants scheme in some form to give organisations like ours a chance to apply for, and hopefully receive, some funding.’*
- *‘Has the Council considered the social return on investment of these grants?’*

Finally, one organisation requested that the Council allow VCS collection boxes to be strategically located in Council offices and at service desks and charity shops.

Response:

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.

We are also keeping a top up fund of £25k that we will be able to allocate to community projects via crowdfunding. The evidence is that a projects success rate increases by about 10% if the Council is also seen to support it.

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.

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.

14. Positive Impacts of Proposals:

Some potential positive impacts of the current proposals included the fact it would require organisations to diversify their funding channels so that they would be sustainable without Council funding.

Other positive impacts were that the proposals would lead VCS organisations to think more long-term about the needs of the community, rather than focusing solely on the 'now', and 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). Some pointed to the successes of previous collaborative projects such as Harrow Advice Together and SWISH (Support and Wellbeing Information Service Harrow)¹, and suggested that we should build on their strengths.

- 'Funding cuts focus the mind and push organisations to prioritise and address if they really know/understand local need. The current approach is quite static looking at current not future need.'
- 'Positive impact is that changing the mind-set of the VCS is long overdue. Proposals will start *frank conversations* between VCS/Council, which promotes sustainability and a reality check about the paternalistic relations between the two.'
- 'Agree on the need for honest and positive conversation and commitment over the next 3 years'

Further positive comments included that: 'single person volunteering rates in community may increase' in response to the funding cuts, which would 'enhance community ethos' in Harrow, some organisations were glad to see that infrastructure organisation would continue to be funded, and that care act and statutory advocacy services would be extended.

¹ The Support & Wellbeing Information Service Harrow (SWISH) was launched on the 3rd of August 2015. It aims to help people in Harrow to access information about local services and advice about ways to keep safe and well.