

Meeting:	Grants Advisory Panel
Date:	8 September 2009
Subject:	Scrutiny Challenge Panel comments on grants programme 2010/11
Responsible Officer:	Alex Dewsnap, Divisional Director Partnership Development and Performance
Portfolio Holder:	Councillor Paul Osborn, Performance, Communication and Corporate Services Portfolio Holder
Exempt:	No
Enclosures:	None

## Section 1 – Summary and Recommendations

This report sets out the observations and recommendations of a scrutiny challenge panel on the proposed grants programme for 2010/11.

### **Recommendations:**

The Grants Advisory Panel is requested:

1. To consider the observations and recommendations of the scrutiny challenge panel
2. To forward scrutiny's recommendations to the Community and Cultural Services Portfolio Holder for consideration and formal response back to the Overview and Scrutiny Committee.

### **Reason: (For recommendation)**

1. To address the concerns raised in scrutiny's review 'Delivering a Strengthened Voluntary and Community Sector for Harrow'.
2. To follow up Recommendation 15 of the scrutiny review 'Delivering a Strengthened Voluntary and Community Sector for Harrow'.
3. To ensure that the scrutiny work programme for 2009/10 is delivered.

## Section 2 – Report

### Background

The scrutiny review of ‘Delivering a Strengthened Voluntary and Community Sector for Harrow’ was conducted over two phases of work between March and November 2008. The Overview and Scrutiny Committee agreed the review’s final report<sup>1</sup> at its meeting in December 2008 and Cabinet provided a formal response to the scrutiny recommendations in March 2009. Of the 22 recommendations, Cabinet accepted 17 for immediate implementation, four for implementation in line with the development of a third sector strategy for the borough and one recommendation was not accepted.

Work throughout the review was undertaken using a variety of methodologies and was focused under four case study headings, identified as key issues to address in a Harrow context:

1. Partnership working
2. Harrow Compact
3. Funding
4. Community assets and premises

Within the funding case study, issues around Harrow’s grants process were explored. From the evidence received, a range of concerns were raised about the current panel-led approach to grants:

- a. Lack of clarity about what the process is actually for
- b. Lack of priorities in awarding grants
- c. Concerns about the transparency of the process
- d. Concerns about the appropriateness of criteria
- e. Lack of effective appeals process
- f. Links with other commissioning processes are weak
- g. Management of information in this area is weak
- h. Short-termism of the grants process
- i. The timeliness of the process
- j. The application process
- k. The need to strengthen monitoring arrangements
- l. Grant awards do not match the amounts bid for

These are explored in more detail in the full report, and wherever appropriate the review group attempted to offer some possible solutions. The scrutiny review concluded that this set of concerns would also provide a good checklist against which to assess any new model of grant-giving or any changes to the grants process.

### Current situation

This report presents the findings of the scrutiny challenge panel set up to explore the proposed grants programme for 2010/11. The challenge panel took place on Monday 22 June 2009 and comprised of the following members:

- Councillor Stanley Sheinwald (Chairman)

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<sup>1</sup> [http://www.harrow.gov.uk/site/scripts/download\\_info.php?downloadID=688&fileID=5760](http://www.harrow.gov.uk/site/scripts/download_info.php?downloadID=688&fileID=5760)

- Councillor Nana Asante
- Councillor Margaret Davine
- Councillor Yogesh Teli
- Ramji Chauhan – Parent governor co-optee on Overview and Scrutiny Committee
- Julia Smith – Chief Executive of Harrow Association of Voluntary Service
- Mike Coker – Harrow Community and Voluntary Sector

The primary aim of the challenge panel was to address Recommendation 15 of the scrutiny review ‘Delivering a Strengthened Voluntary and Community Sector for Harrow’:

*“Recommendation 15: For the Grants Advisory Panel to engage with the VCS<sup>2</sup> to consider the criteria for the 2010/11 grants round and take account of the concerns raised through this scrutiny review about the current system. To bring these proposals to a scrutiny challenge panel in preparation for the 2010/11 grants application process.”*

We thank Kashmir Takhar and Audrey Salmon from the Community Development Team for attending the challenge panel to answer our questions.

### **Comments from the Scrutiny Challenge Panel**

Comments from the scrutiny challenge panel are forwarded to the Grants Advisory Panel for consideration when discussing the outcomes of the grants 2010/11 consultation, pending formal endorsement from Overview and Scrutiny Committee at its meeting on 28 July 2009<sup>3</sup>. The observations and recommendations from the scrutiny challenge panel are given under the headings of the consultation as appropriate. In total we make 10 recommendations.

### **Proposed change 1: Who will be eligible for grant aid?**

#### **Observations**

- The most important factor in grant giving is to ensure that outcomes of the grant benefit the people of Harrow – those living and working in the borough. However we recognise the difficulty that the grants process faces in determining the intention of the application in relation to the criteria, namely that the application is for the good of the people of the borough.
- The Community Development Team proposed the grant qualifying condition of: “Grant aid will be available to support voluntary and community organisations to deliver services and activities solely for the benefit of people living in Harrow”. Following consultation, the word ‘solely’ will be removed as it is deemed restrictive.
- Although 53% of the respondents to the consultation<sup>4</sup> wanted to restrict applications to organisations based in Harrow, we are aware that this represents less than 2% of the local VCS. We recognise the value that some organisations can offer in providing value-for-money services for local people albeit being based outside of the borough. Further, we are of the

<sup>2</sup> VCS refers to the voluntary and community sector in Harrow.

<sup>3</sup> 28 July 2009 is the next available ordinary meeting of the Overview and Scrutiny Committee, the body which commissions all scrutiny reviews.

<sup>4</sup> The consultation exercise gathered 51 responses in total.

view that a thriving local third sector (National Indicator 7) should not be restricted in serving people who live, work or are schooled in Harrow.

- The eligibility criteria is only the first stage in the process and there are other mechanisms within the system by which to assess value for money and quality of services, and so the grant conditions need not be restrictive at this first stage so as to exclude potentially valuable service providers.
- The need to invest in the local VCS is recognised in the Council's new Transformation Programme and therefore the changes to the grants system should reflect the wider corporate picture and movement. Within this, support needs to enable VCS groups to become sustainable in the longer-term.

### Recommendations

Recommendation 1: To assist in the checking and monitoring process, we recommend that all application forms should ask, as applicable, for charity numbers and details of the last time the applicant applied for a grant from Harrow Council.

Recommendation 2: On balance, whilst recognising the arguments against, we prefer the grant qualifying condition to read: "Grant aid will be available to support voluntary and community organisations to deliver services, where this resource is used for the benefit of people living, working or schooling in Harrow. The service provider can be based and/or provide services outside of Harrow but funding must be used to benefit people living, working or schooling in the borough."

Recommendation 3: In line with National Indicator 7 which is included in Harrow's Local Area Agreement, Harrow Council must support the development of the local voluntary and community sector (VCS). With this in mind, whilst its grants processes must demonstrate open criteria, they must nevertheless be supportive toward local VCS organisations. Flexible criteria must be transparent.

### Proposed change 2: Type of grant available

#### Observations

- Harrow has one of the smallest grants budgets in London and annually funds about 60 groups. There are over 1500 VCS organisations in Harrow and therefore Harrow Council directly supports only a small proportion of the sector through its grants programme. Managing expectations in this context is important.
- Although the consultation suggested some splits in terms of the proportionality of grant sizes (small/medium/large) in order to test the appetite for any such shift in the system, there was no discernible consensus from consultation responses. It must be pointed out however that the response pool was relatively small and some respondents have a vested interest in keeping the status quo.
- We are pleased to hear that an equality impact assessment has been conducted in order to assess the possible impacts on the sector of the proposed changes. Any transition must be as smooth as possible.
- There should be equality of access to grants in that all organisations, regardless of size and history, should be able to bid for any grant and they

will be assessed on the quality of their application and the intended outcomes of their bid. This will afford groups the opportunity to grow.

- We believe that the current situation whereby 2% of the grants budget is given in small grants, 25% in medium grants and 73% in large grants needs to change and the balance shifted. The Council needs to show that it is changing and that continuing with the status quo of grant distribution is not an option that should be adopted.
- The Hearsay review<sup>5</sup>, a previous scrutiny review looking at community engagement, recommended that: “a ‘risk pot’ of funding should be identified from the main grants budget for use in supporting new and emerging community groups”. This could be viewed as an innovation fund.
- It is proposed to move the decision making meeting (when decisions are made about which applications for grants are successful) to January. This would be an ‘in principle’ decision pending the budget-setting Cabinet meeting in February 2010. Any changes to the grants process should allow for enough notice to be given to the CVS so that they are aware that they may not get a grant in 2010/11 and can make preparations for any changed circumstances. Again, we assert the need for smooth transitions.

### Recommendations

Recommendation 4: All grant applications should be judged on merit and it should be clear that grants cannot be guaranteed on a year-on-year basis. We recommend that the grants budget should include an ‘innovation fund’ which encourages innovative ideas for small grants, based on value for money and quality of service, not historical performance. This fund should be more flexible than the grants budget and accessible throughout the year.

Recommendation 5: The guidance which supports the grant application form should give an indication of previous proportioning of the grants budget, for example stating that historically large grants accounted for 73% of the grants budget so it is very unlikely that new/small groups can access funding however it is not impossible. This should help manage expectations.

Recommendation 6: The grants budget should be ringfenced over a 3-year period, in line with the 3-year government financial settlement to councils, so that funding that CVS organisations can be assured of the minimum funding pot and decisions around grants can be informed in November. If the Council is unable to fit this into the timetable for the 2010/11 grants round, provision should be made for the 2011/12 round.

Recommendation 7: Whilst we recognise the difficulties in setting a definite split for the grant award allocations (percentages for small, medium and large grant awards), we recommend an innovation pot of not less than 1% of the total grants budget and small grants pot of not less than 5% of the overall grants budget. Parameters should be set loosely so that VCS organisations have some indication of the allocations and are able to make an informed decision about whether to apply for a small, medium or large grant. However allocation limits should not be so restrictive so as to exclude borderline grants.

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<sup>5</sup> The Hearsay review was published in January 2006. The report can be found at: [http://www.harrow.gov.uk/site/scripts/download\\_info.php?fileID=1405](http://www.harrow.gov.uk/site/scripts/download_info.php?fileID=1405)

### Proposed change 3: Funding priorities

#### Observations

- Whilst we recognise the importance of criteria aligned to priorities so as to make assessments and objective judgements against set criteria, aligning funding priorities purely to the priorities of the Sustainable Communities Strategy removes the opportunity for innovative projects that go beyond services already statutorily provided. The grants budget should include scope for funding projects that offer 'something a little different'.
- Equally there is a need to counteract sometimes rather narrow national indicators by recognising that some good services essential for the well-being of Harrow offered by the VCS do not meet corporate Council or Harrow Strategic Partnership priorities.

#### Recommendations

Recommendation 8: We recommend that not all of the grants budget should be used to meet the Council's corporate priorities – a small pot should be set aside for outside 'innovations', allowing VCS organisations to pursue needs that are perhaps not on the Council radar yet. We recognise that the VCS is often the first to identify and address needs in the community.

Recommendation 9: The Council must clearly communicate what its grants budget does not fund and signpost VCS organisations to alternative grant-giving bodies as appropriate.

### Proposed change 4: Conditions of grant approval

#### Observations

- The consultation highlighted unanimous support for the changes proposed around conditions of grant approval.
- We welcome the rationalisation of the conditions of grant approval as proposed in the consultation document as they now seem to reflect more accurately the amounts of grant applied for.

#### Recommendations

Recommendation 10: Any unallocated grant money, for example arising from groups who were awarded grants but were subsequently unable to furnish the Council with the required documentation or any underspends, should be reallocated to the innovations pot within the grants budget which is accessible throughout the year.

### **Why a change is needed**

To improve the grants process

### **Main options**

Not applicable to this report.

### **Other options considered**

Not applicable to this report.

### **Implications of the Recommendation**

### **Staffing/workforce**

There are no staffing/workforce implications arising directly from this report.

### **Equalities impact**

The scrutiny challenge panel welcomes the Community Development Team conducting an Equalities Impact Assessment upon the impact of the proposed changes contained within the consultation document.

### **Legal comments**

The Council is empowered to make grants to voluntary organisations under Section 48 of the Local Government Act 1985 as well as under other legislation. Having an approved process will ensure that the council can comply with its legal duties and its statement of intention of the Compact with the voluntary sector.

### **Community safety**

There are no community safety implications arising directly from this report.

### **Environmental impact**

There are no direct environmental impacts arising from the issues contained within this report.

### **Financial Implications**

There are no implications on the medium term financial strategy as any costs relating to this matter will be met from within the existing budget provision.

### **Performance Issues**

National Indicator (NI) number 7, which relates to creating an environment in which the voluntary and community sector can thrive, has been included within Harrow's Local Area Agreement. Results from the first national Third Sector Survey indicate that Harrow's performance against this indicator is 10.4%. Harrow will be aiming to improve performance by a statistically significant amount, now agreed as an increase of 4.4%.

The findings of the scrutiny challenge panel have the potential to contribute to improving performance against this indicator.

The provision of grant funding to voluntary and community sector organisations has the potential to contribute to NI 1 ' % of people who believe people from different backgrounds get on well together in their local area'. Current performance against this indicator is 49% and target performance is 61%. The provision of grant funding to voluntary and community sector organisations has the potential to contribute to NI 6 ' Participation in regular volunteering'. The target increase in numbers volunteering is 300 for 'socially excluded' volunteers and 1,200 for other volunteers. The current position is an achievement against target on 'socially excluded' volunteers and a slight under-achievement against 'other volunteers'.

### **Risk Management Implications**

The potential risk associated with decisions on the grants programme 2010/11 is that they may affect the stability of organisations currently supported through the grants programme. The report to the Grants Advisory Panel 'Review of the

Grants Application Process' (section 2.4) outlines how this risk could be mitigated.

Risk included on Directorate risk register? No  
Separate risk register in place? No

### Section 3 - Statutory Officer Clearance

Name: Hasina Shah.	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 29 June 2009		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 29 June 2009		

### Section 4 – Performance Officer Clearance

Name: Tom Whiting	<input checked="" type="checkbox"/>	Assistant Chief Executive
Date: 25 June 2009		

### Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director (Environmental Services)
Date: 24 June 2009		

### Section 6 - Contact Details and Background Papers

Contact: Nahreen Matlib, Senior Professional – Scrutiny  
[nahreen.matlib@harrow.gov.uk](mailto:nahreen.matlib@harrow.gov.uk)

#### Background Papers:

Final report of the scrutiny review 'Delivering a Strengthened Voluntary and Community Sector for Harrow' which can be found at:

[http://www.harrow.gov.uk/site/scripts/download\\_info.php?downloadID=688&fileID=5760](http://www.harrow.gov.uk/site/scripts/download_info.php?downloadID=688&fileID=5760)