

**REPORT FOR: GRANTS ADVISORY PANEL**

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**Date of Meeting:** 29 July 2010

**Subject:** Grants Review

**Key Decision:** No

**Responsible Officer:** Brendon Hills - Corporate Director Community and Environment

**Portfolio Holder:** Councillor Rekha Shah - Portfolio Holder for Community and Cultural Services

**Exempt:** No

**Decision subject to Call-in:** No

**Enclosures:** None

**Section 1 – Summary and Recommendations**

(Please see next page)

This report proposes that consideration should be given to revising the Council's voluntary sector funding arrangements and that members of the sector should be consulted about this.

### **Recommendations:**

The Grants Advisory Panel (GAP) is requested to consider and comment on this report, and make the following recommendations

- (1) That the Portfolio Holder for Community and Cultural Services consults with members of the Voluntary and Community Sector on the various options for revising the Council's voluntary sector funding arrangements, including those set out in this report.
- (2) That an officer's report is brought to the next GAP meeting, which will set out the findings of that consultation process, and put forward proposals regarding voluntary funding arrangements.

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

The 2008 Scrutiny Review, Delivering a Strengthened Voluntary and Community Sector; and the recent Member Review of the Grants Process, have indicated a need for a more strategic approach to voluntary sector funding, which will better support the delivery of council priorities.

## **Section 2 – Report**

### **Introductory paragraph**

During the recent grants round the Council made a commitment to review grant-making arrangements and report on this year's process and outcomes. Drawing on feedback from the voluntary sector, and an informal review by Members, this report proposes that the council requires a more strategic approach to voluntary sector funding, and consideration should therefore be given to amending its funding arrangements.

Before specific proposals are formulated members of the voluntary and community sector should be consulted.

### **Options considered**

There are a number of options available to the Council in terms of its voluntary sector funding arrangements.

The options set out in this report, along with any further options that arise during the course of consultation with members of the voluntary sector, will be considered before proposals are made to change the current funding arrangements.

### **Background**

The Overview and Scrutiny review 'Delivering a strengthened voluntary sector' (December 2008) considered the council's approach to voluntary sector funding, and how this might be improved.

The report concluded that there was a lack of clarity around grants and commissioning voluntary sector services and identified the need for a more consistent approach in this area, and to better relate funding priorities to corporate priorities.

Work has already commenced to address the recommendations of the Scrutiny Review, for example within the Third Sector Strategy and Action Plan

The findings of the review were supported by an informal Member Review conducted in June 2010.

## **Current situation**

Grant funding is available from Harrow Council 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. Applicants are invited to apply for funding once each year by completing an application form. Applications are assessed using a tool agreed by Cabinet in September 2009. This tool uses the information provided by the applicant on the Grant application form. Applicants must clearly show on the application form how they meet the criteria.

There is an appeals process where the grounds for appeal are “information presented to the Grants Advisory Panel was incorrect or information was omitted and that this had a material effect on the decision”. Information submitted after the initial application cannot be taken in to account.

## **Why a change is needed**

In a difficult financial climate there is a pressing need to ensure that all council budgets are used effectively to maximise the benefit achieved for local residents. Within this context it is important that the council develops its funding relationship with the voluntary sector, to maximise its use of resources and enable the sector to deliver services alongside statutory partners.

With the council's recent adoption of its first Third Sector Strategy, and both NHS Harrow and the Council's Adults and Housing directorate currently reviewing service level agreements (SLAs) it is an opportune time to review the council's approach to voluntary sector funding

Last year 119 grant applications were received ,which was almost double the number in previous years. (2008/09 = 62; 2009/10 = 65). The total budget available was £784,360. The total value of all applications amounted to over £2 million.

An annual, competitive grant-making process means that groups seeking small grants are competing alongside organisations seeking large grants to run key services. The experience of the previous grants round demonstrates that this process is ineffective in assisting the council achieve a strategic relationship with the voluntary sector.

The scale of the likely budget reductions faced by the Council and the community and culture portfolio (which will already have to make in year savings) because of national grant reductions and reduced income means, careful consideration will need to be given to how much funding can be made available for commissioned SLA activity and one-off project grant related activity, when compared with other priorities.

A one size fits all approach to funding voluntary sector organisations no longer appears fit for purpose.

It is clear that we need a process that differentiates between larger and longer-term funding to secure services from within the voluntary sector and funding that is for one-off or smaller grants to support small-scale projects or services.

It is proposed that the Portfolio Holder for Community and Cultural Services should consult with members of the voluntary sector on how the current funding arrangements could be improved.

It is suggested that the consultation should include seeking views from the sector on:

1. a commissioning process to procure key services aligned to council priorities and
2. a small grants programme.

**These options are considered more fully below.**

### **Commissioning key services aligned to council priorities**

Both the council and NHS Harrow look to the voluntary and community sector to deliver a number of their services. One of the options for revising our voluntary sector funding arrangements is to adopt an approach whereby those services are commissioned through a procurement process via Service Level Agreements.

Such an approach may provide a more a co-ordinated way to procure voluntary sector services that avoids duplication and provides a clear picture of where funding is allocated and which services are supported. The potential benefits are to achieve more transparency in our dealings with the sector and enable us to engage more directly with specialist groups.

Many councils across London have already moved away from awarding grants towards a strategic commissioning approach.

### **Small grants**

Another important aspect of the current funding arrangements is the provision of small grants to fund innovative projects and groups that help build social capital and sustain community cohesion. . It is recognised that the Council has a role in supporting the diversity and vibrancy of the voluntary sector in this way.

The Council may consider establishing a more structured and transparent small grants programme with, for example, more specific criteria relating to eligibility, to ensure that we are able to demonstrate that decisions are made properly and applicants are confident that the process is fair.

### **Financial Implications**

There are no immediate financial implications as this report does not involve a decision being taken, but simply makes recommendations to the Portfolio Holder. If the voluntary sector funding arrangements are revised at a later date there will be no immediate financial implications as the changes will simply affect the way the grants budget is distributed, however the overall sums for distribution will be considered as part of the budget build.

## Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? No

Any change to the current process has the potential to create anxiety and concern amongst the sector and this could impact negatively on performance against the LAA indicator around creating an environment for a thriving third sector (NI 7). There is also the potential for negative publicity. This reflects the need for proper consultation before final proposals are formulated.

## Equalities implications

An equality impact assessment must be completed before any changes to the voluntary sector funding process can be agreed

## Corporate Priorities

Please identify which corporate priority the report incorporates and how:

- Build stronger communities – demonstrating effectiveness, fairness and transparency in the voluntary funding process helps to build good relationships within the voluntary sector and the wider community.

## Section 3 - Statutory Officer Clearance

Name: **Kanta Hirani**



on behalf of the  
Chief Financial Officer

Date: **26 July 2010**

Name: **George Curran**



on behalf of the  
Monitoring Officer

Date: **26 July 2010**

## Section 4 - Contact Details and Background Papers

**Contact:** Kashmir Takhar, Head of Service for Community Development, 020 8420 9331

### Background Papers:

The Overview and Scrutiny review 'Delivering a strengthened voluntary sector' (December 2008)

Tool for assessing grant applications

Members Review Recommendations

Grants Appeals Process.