

REPORT FOR: **CABINET**

Date of Meeting:	18 October 2011
Subject:	Third Sector Investment Plan 2012-2015
Key Decision:	Yes
Responsible Officer:	Brendon Hills, Corporate Director Community and Environment
Portfolio Holder:	Councillor David Perry, Portfolio Holder for Community and Cultural Services
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1: Third Sector Investment Plan 2012-15 Appendix 2: Equality Impact Assessment

Section 1 – Summary and Recommendations

This report sets out recommendations to implement a more strategic Council approach to supporting the Third Sector in Harrow.

Recommendations:

Cabinet is requested to:

1. Approve the Third Sector Investment Plan 2012-15.
2. Approve the transition from the Main Grants funding programme to a phased implementation of commissioning services and small grants for the distribution of Main Grants funding as described in Option 2 in paragraph 2.2.2 and the proposed timetable for the delivery of the 2012/13 Main Grants programme.

3. Delegate authority to the Corporate Director Community and Environment in consultation with the Portfolio Holder Community and Culture to identify service priorities, develop service specifications, tender arrangements and the commissioning/small grants budget as described in Option 2 paragraph 2.2.2.
4. Delegate authority to the Corporate Director Community and Environment in consultation with the Portfolio Holder Community and Culture to progress proposals for widening access to accommodation for the Third Sector in Harrow as outlined in paragraphs 2.2.3 and 2.2.6.

Reason: (For recommendation)

To implement a more strategic Council approach to supporting the Third Sector that supports the delivery of corporate priorities and statutory duties.

Section 2 – Report

2.1 Introductory paragraph

2.1.1 Harrow Council adopted a Third Sector Strategy in May 2010. The proposed Third Sector Investment Plan supports the delivery of this strategy by providing a strategic framework for the delivery of Council support to the Third Sector to replace the current Main Grants programme and accommodation offer. The Plan aims to ensure that Council resources are distributed to the Third Sector in a way that aligns them to the delivery of the Council's corporate priorities and statutory duties, thereby strengthening joint working between the Council and the Third Sector for the benefit of Harrow residents.

2.1.2 The Third Sector is defined in the Third Sector Strategy as:

Not for profit independent, voluntary and community groups or organisations formed by local people, or those with a local interest, to improve the quality of lives for themselves and/or fellow citizens in Harrow. These include registered charities; voluntary organisations; community groups; faith groups involved in social action; community interest companies and; social enterprises.

2.2 Options considered

2.2.1 The Third Sector Investment Plan sets out a strategic delivery framework for:

- I. Commissioning and Small Projects funding through the Main Grants programme.
- II. The development of Third Sector accommodation hubs and a review of premises for venue hire.
- III. Aligning the provision of other support such as discretionary rate relief to the principles of the Third Sector Investment Plan.

2.2.2 The following options for implementing commissioning and small grants proposals have been identified:

2.2.2.1 Option 1: Introduce small grants and commissioning for 2012/13:

The potential timetable for this option would involve a commissioning/small grants process being offered from November 2011 with final decisions in March 2012.

Pros

- A consultation has been undertaken with the Third Sector which shows support for a move to commissioning.
- Commissioning will allow services to be secured on a long-term basis and offers more certainty to Third Sector organisations.
- Commissioning enables the Council to make more strategic decisions about the use of funds.
- The move to small grants and commissioning is part of a wider strategic view of how the Council supports the Third Sector.

Risks

- Although some organisations are preparing for commissioning now, other voluntary and community organisations have expressed concern that the sector would not have adequate time to prepare for a competitive tendering process as part of the commissioning of services.
- There would be extremely challenging timescales for officers to implement the decision, deliver training and develop service specifications, etc.

2.2.2.2 Option 2: Implement a phased introduction of commissioning during 2012/13 and run a standard Main Grants Programme for 2012/13 including an identified small grants budget.

This would see a phased implementation of commissioning during 2012/13 for one or two key service specifications alongside a standard Main Grants Funding programme for 2012/13 but with an identified proportion of the main grant fund to be allocated to the award of small grants of under £5,000. Full implementation of all commissioning and small grants funding for 2013/14.

Pros

- As in Option 1

- This options allows a smooth transition from the current grants programme to commissioning and small grants and allows the Council to develop the commissioning approach in one or two service areas before wider roll-out.
- This will allow the Main Grants programme to be developed in partnership with other departments who also commission services to ensure a corporate approach to service provision
- The sector will have a better timescale for preparation for full commissioning
- Piloting the approach would allow the Council and the Third Sector to identify any areas for development.

Risks

- Some Third Sector organisations have already highlighted the risk to their service if they are not successful in securing adequate grant funding in 2012/13.

2.2.2.3 Option 3: Delay the full introduction of small grants and commissioning to 2013/14

This would see full implementation of commissioning/small grants for 2013/14 with a standard Main Grants Funding programme for 2012/13.

Pros

- Allows more time for consultation and the development of service specifications.
- Allows more time for Third Sector organisations to understand the implications of and prepare for the change to small grants and commissioning.
- Allows more time for Third Sector organisations that may not be eligible for commissioning or small grants to secure alternative funding.
- Allows more time for Third Sector organisations to prepare for competitive tendering.

Risks

- The Council and the sector will be unable to test and develop the commissioning processes prior to implementation
- Some organisations that might be commissioned through a service specification process would have to compete for annual grant funding with no guarantee of being successful and securing funding at a level required to continue services.

2.2.2.4 Option 4: Retain the current Main Grants programme without introducing commissioning or small grants funding.

Pros

- The current Main Grants system is familiar to Third Sector organisations.
- The current system is an open competitive process to any organisation large and small or for any service/project as long as the grants criteria are met.

Risks

- All projects/services compete alongside each other annually for grant funding with no certainty of success.
- An annual grant-giving process offers no long-term certainty of funding and impacts on VCS organisations' ability to plan their services.
- An annual grant-giving process does not allow the Council to take a strategic approach to its use of funds or securing services from the Third Sector.
- The quantity and quality of applications is improving year on year, thus increasing the possibility of partial awards which will make delivery of activities more difficult

2.2.3 An analysis of the options indicates that Option 2 would deliver the best outcome for both the Council and the Third Sector. However, the Council will never be able to wholly satisfy Third Sector expectations given the gap between potential bids and available budgets, which is likely to continue into future funding rounds.

2.2.4 Options for the delivery of other areas of support encompassed by the Third Sector Investment Plan including accommodation will be developed to include the strategic formalisation of support such as discretionary rate relief and leasing charges. A number of potential projects are under discussion and whilst proposals are being developed, those organisations based at Community Premises in South Harrow have been given an extension of their Facilities Use Agreements until December. Projects under consideration include:

- a) Development of new community hub bookable space in libraries, children's centres and community halls. This is a potential corporate project between Community & Environment, Children's Services and Adults & Housing Departments to see where Third Sector organisations can be supported/encouraged to make better use of existing facilities. Occupation of any proposed hub locations by community groups will be considered with Corporate Estate and will be properly documented through appropriate hire or licence agreements, to be agreed with Corporate Estate and Legal Services. These documents will be authorised by the Corporate Director Place Shaping in consultation with the Portfolio Holder for Property and Major Projects. A potential pilot is under discussion.
- b) Harrow Strategic Partnership: two applications have been received for funding to develop a community resource centre in Harrow: CARRAMEA which is a cooperative of organisations based at the existing South Harrow base and RAFT which is a cooperative including Mencap, African SANG and others. £60,000 has been put aside from the LAA reward grant for consideration of these two options as one potential combined project.
- c) The Government has announced the 'Transforming Local Infrastructure Fund' which includes the development of premises into resource

centres for community organisations. Discussions are currently underway between Harrow organisations and the wider West London sector to submit a joint funding application to the fund.

- 2.2.5 The community lettings scheme, whereby organisations receive a 50% discount on school bookings which are made through the council, has been reviewed several times over the years. Community organisations are concerned to preserve the council subsidy for these bookings. Schools which have recently achieved Academy status in the borough have indicated that they will make direct bookings with community organisations, at the rates currently charged to those organisations. That will leave some primary schools in the Community Lettings scheme, although the majority of bookings received at the moment are with the secondary schools.
- 2.2.6 It is clear that if the Council retains bookings for certain schools, processes will need to be revised in order to reduce a potential negative financial impact for the Council. A number of alternative arrangements are under discussion, which include a consortium approach for schools, and/or placing bookings through an automated booking system to reduce costs. This transition will need to be worked through over the next months with the alternative in place by 2012/13.

2.3 Background

- 2.3.1 Following completion of the 2009/10 Main Grants Programme the Council made a commitment to review grant-making arrangements. This review was extended to include a review of Council support through Community Lettings and Community Premises.
- 2.3.2 Consultation with the Third Sector has been ongoing since December 2010 and has informed proposals contained within the Third Sector Investment Plan. Proposals are also based on an analysis of current support provided by the Council across all Directorates and various strategies that set out the future direction of the Council's relationship with the Third Sector. The Council is also developing an overall corporate commissioning model.
- 2.3.3 The Council adopted the Third Sector Strategy in April 2010 which set out the Council's strategic view of its future relationship with the Third Sector. The strategy set out three objectives; (i) To deepen partnership working by strengthening the role of the Third Sector as a strategic partner; (ii) To build the capacity of the Third Sector to help it change itself to address the future; and (iii) Enabling participation by increasing opportunities for Third Sector involvement in the design and delivery of public services through a more transparent commissioning process and improving the management and administration of grant funding.
- 2.3.4 The Harrow Compact sets out agreed shared principles and commitments between the statutory and Third Sectors. The aims of the Compact are to build on existing partnerships and develop the

relationship between the sectors through mutual respect and trust so that they can together provide more effective services to local people and communities within the borough. The shared principles set out in the Compact include working in partnership to enhance the ability of public sector bodies and Third Sector organisations to fulfil their own purposes whilst also imposing responsibility for each sector to contribute towards mutual aims and objectives.

2.4 Current situation

2.4.1 The Council commissions a range of services from the Third Sector where the Council recognises that these organisations are better placed to deliver than statutory agencies.. The Council supports the Third Sector in a number of ways including through the provision of funding through both grant and commissioning arrangements; support with accommodation either directly or through the provision of discretionary rate relief; as well as through other support such as fund-raising advice and employee volunteering. This support is delivered across a number of Council Directorates.

2.4.2 In the current financial climate all Directorates are reviewing the support provided to the Third Sector to ensure that resources can be used in the most cost effective way to deliver services to Harrow residents. Both the Adults and Housing and Children's Services Directorates are currently reviewing their commissioning strategies to ensure they align with future service delivery requirements.

2.4.3 During the 2011/12 Main Grants Programme funding round, 131 applications were received with a total request for funding of approximately £2.3 million against a grants budget of £670,000. The demand on the grants budget is likely to continue to be at a high level as other sources of funding continue to reduce.

2.5 Why a change is needed

2.5.1 A clear policy for the provision of grant funding and commissioning of services is required to manage expectations and ensure resources are targeted. The Third Sector Investment Plan aims to address the challenges presented by the current financial environment against a continuing commitment to build a sustainable and independent Third Sector. The Council is developing a corporate model for commissioning services and any service specifications will be informed by these processes.

2.5.2 The plan has been developed with input from internal and external stakeholders and aims to ensure that support is delivered in a way that makes the best use of available resources and aligns their use with the delivery of Council's priorities.

2.6 Recommendations

2.6.1 It is therefore recommended that;

1. Cabinet approves the Third Sector Investment Plan 2012-15.
2. Cabinet approves the transition from the Main Grants funding programme to a phased implementation of commissioning services and small grants as described in Option 2 in paragraph 2.2.2 and the proposed timetable for the delivery of the 2012/13 Main Grants programme as follows:

Activity	Date
Application process for 2012/13 opens	31 st October 2011
Information sessions for grant applicants	W/b 7 th November
Closing date for applications	28 th November 2011
Administration and assessment of applications	28 th Nov – 13 th Jan 2012
Report to Grants Advisory Panel	February (tbc)
Report to Cabinet	8 th March 2012

3. Cabinet delegate authority to the Corporate Director Community and Environment in consultation with the Portfolio Holder Community and Culture to develop service specifications, tender arrangements and the small grants budget for the distribution of Main Grants funding as described in Option 2 paragraph 2.2.2
4. Cabinet delegate authority to the Corporate Director Community and Environment in consultation with the Portfolio Holder Community and Culture to progress proposals for widening access to accommodation for the Third Sector in Harrow as outlined in paragraphs 2.2.4 and 2.2.6.

2.7 Implications of the Recommendation

2.7.1 Staffing/workforce

The delivery of the Third Sector Investment Plan may have implications for changes to staff roles and responsibilities. This will be managed within the Council's policies and procedures including the Protocol for Managing Change.

2.7.2 Legal comments

Decision makers should have due regard to the public sector equality duty. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

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.*

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.*

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.

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.*

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

The relevant protected characteristics are:

- *Age*
- *Disability*
- *Gender reassignment*
- *Pregnancy and maternity*
- *Race,*
- *Religion or belief*
- *Sex*
- *Sexual orientation*

- *Marriage and Civil partnership*

2.8 Financial Implications

- 2.8.1 The budget for the delivery of the Main Grants Programme in 2011/12 was £669,360. The proposals contained within this report are based on the assumption that the budget in 2012/13 will remain at the same level however, this level of funding is by no means guaranteed and whether it stays the same, is increased, or decreased, depends on the outcome of the budget and medium term financial planning process
- 2.8.2 The proposed changes to grants and commissioning will impact on the way that the grants budget is distributed between grants and commissioning in future years. Proposed changes will be contained within the overall Main Grants funding pot or as part of an overall corporate commissioning model. The proposals also indicate that a percentage from the Main Grants fund should be identified for allocation to small grants of up to £5,000 for the Main Grants programme 2012/13. This percentage would be informed by an analysis of previous funding allocations and consultation with the Portfolio Holder and other key stakeholders.
- 2.8.3 The commissioning of services from the Third Sector will be managed in accordance with EU procurement rules and regulations where applicable.

2.9 Performance Issues

- 2.9.1 The implementation of the Third Sector Investment Plan will contribute to the delivery of the Council's Corporate priorities and how services can best be taken forward. Outcomes for grant funded or commissioned services will be aligned to these priorities and monitored through the annual monitoring system. The results of this monitoring can be used to assess overall performance of grant funding and help to inform the future service specifications.
- 2.9.2 The revised grant application form has been designed to assist Third Sector organisations set out proposed outcomes and measures for monitoring these.

2.10 Environmental Impact

- 2.10.1 The commissioning of services from the Third Sector will be undertaken using the Council's standard procurement processes. These include a requirement for applicants to demonstrate that they have Environmental Policies in place.

2.10.2 The Third Sector Investment Plan supports the Council's commitment to ensure that procurement and supply chain management should be inclusive of the local Third Sector.

2.11 Risk Management Implications

2.11.1 The risks identified are;

- Capacity of the Third Sector to respond to commissioning: This risk will be mitigated by putting in place training and capacity building support to the Third Sector.
- The need to ensure adequate contract management and monitoring systems are in place: This risk will be mitigated by (1) working with the Council's Procurement team to ensure that contract management issues are addressed and (2) continued improvement of monitoring processes across Council directorates.
- Continued heavy demand on the Council's Main Grants Programme: This risk will be mitigated by improving the provision of advice and guidance on other funding opportunities.
- Risk to Council funds where a Third Sector organisation is at risk of financial instability: This risk will be mitigated by undertaking financial checks on organisations prior to the payment of funds and mid-year monitoring.

2.12 Equalities implications

2.12.1 The development of the plan has been based on the results of consultations that have been ongoing, these include;

- I. Consultation with the Third Sector undertaken during May 2009
- II. Consultation with the Third Sector undertaken during December 2010 - January 2011
- III. Focus group meetings with the VCS, Community Premises user groups, community lettings user groups and schools representatives, January 2011
- IV. Consultation feedback meetings to VCS representatives, schools representatives, Community Premises user groups, community lettings user groups, March – May 2011
- V. Workshop with internal stakeholders, May 2011
- VI. Workshop with Third Sector stakeholders, June 2011
- VII. Consultation with members of the Grants Advisory Panel, June, July and September 2011
- VIII. Internal consultation with senior management group, August 2011

2.12.2 An initial equalities impact assessment has identified that the introduction of commissioning and small grants as proposed by the Third Sector Investment Plan has the potential to have both a positive and negative impact on protected equality groups. The proposed commissioning and grant funding principles are designed to support the delivery of discretionary services for the Council in accordance

with its statutory functions including equalities duties. The commissioning principles aim to support the delivery of services that tackle disadvantage based on evidence of need; prevention services that promote health and well-being; advocacy, information / advice and sign-posting service; culturally specific services that address the needs of communities and infrastructure support services for the Third Sector to support all Third Sector organisations delivering services in Harrow. The adoption of these principles should enable the Council to secure services that meet the needs of the protected equality groups.

2.12.3 It is also recognised however, that the proposals will have an impact on the availability of grant funding to support a wider range of services provided by Third Sector organisations in the borough. With increasing competition for reduced grant funding there is the potential for a negative impact on some Third Sector organisations serving the needs of protected equality groups.

2.12.4 A phased implementation of commissioning and small grants aims to mitigate the potential negative impact on equality groups. A phased implementation aims to allow those Third Sector organisations likely to be affected an opportunity to prepare for commissioning as well as time to put in place alternative fund-raising strategies. The Council will continue to review its equalities duties during the development and implementation phases.

2.13 Corporate Priorities

2.13.1 This report incorporates the following corporate priorities:

- Keeping neighbourhoods clean, green and safe.
- United and involved communities: A Council that listens and leads.
- Supporting and protecting people who are most in need.

The provision of Council support to the Third Sector will be aligned to the delivery of these priorities as outlined in the Third Sector Investment Plan.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson



Chief Financial Officer

Date: 26 Sept 2011

Name: Jessica Farmer



on behalf of the
Monitoring Officer

Date: 3 October 2011

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap



Divisional Director
Partnership,
Development and
Performance

Date: 26 September 2011

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director
(Environmental
Services)

Date: 26 September 2011

Section 6 - Contact Details and Background Papers

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

Background Papers:

Draft Minutes - Grants Advisory Panel, 13 September 2011

Third Sector Strategy, April 2010,

http://www.harrow.gov.uk/downloads/file/7763/third_sector_strategy

Harrow Compact, 2009

http://www.harrow.gov.uk/info/200009/performance/1749/harrow_compact_2009

Delivering a Strengthened Voluntary Sector, December 2008

<http://www.harrow.gov.uk/www2/documents/g4050/Public%20reports%20pack,%20Thursday%2018-Dec-2008%2019.30,%20Cabinet.pdf?T=10>

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

NOT APPLICABLE

[Call-in applies]