

REPORT FOR: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting:	13 th December 2011
Subject:	Strategic overview of Voluntary Sector support and update on implementation of Third Sector Strategy
Responsible Officer:	Marianne Locke, Divisional Director Community and Culture
Scrutiny Lead Member area:	Councillor Chris Mote, Policy Lead – Safer and Stronger Communities Councillor Nana Asante, Performance Lead – Safer and Stronger Communities
Exempt:	No
Enclosures:	Appendix 1: Third Sector Strategy Appendix 2: Third Sector Investment Plan Appendix 3: Third Sector Strategy action plan progress update Appendix 4: Draft Third Sector Strategy action plan: future priorities

Section 1 – Summary and Recommendations

This report provides an overview of Council support to the Voluntary Sector and an update on the implementation of the Third Sector Strategy.

Recommendations:

The Overview and Scrutiny committee is requested:

1. To note progress against the action plan for the Third Sector Strategy and current developments regarding Council support to the Voluntary Sector.

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| <p>2. To consider proposed updated actions (Appendix 4) in the light of these developments which will be the subject of consultation with the Third Sector in January 2012.</p> |
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Section 2 – Report

2.1 Introductory paragraph

- 2.1.1 This report provides an overview of Council support to the Voluntary Sector and an update on the implementation of the Third Sector Strategy. The terms 'Voluntary Sector' and 'Third Sector' are often used interchangeably and generally refer to not-for-profit organisations set up to achieve social benefit. To ensure consistency, this report will use the term Third Sector as defined in the Third Sector Strategy:

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.

- 2.1.2 The Council is committed to supporting the Third Sector and recognises the valuable contribution it makes in providing services to local residents. In recent years the Council has sought to ensure that it aligns the provision of that support to the delivery of its Corporate Priorities. This report sets out developments that have taken place in achieving this and the future direction of Council support to the Third Sector.

2.2 Background

- 2.2.1 In 2008, the Overview and Scrutiny committee published its report 'Delivering a strengthened voluntary sector'. Twenty-one of the recommendations were accepted by Cabinet in March 2009. In response to these recommendations, the Council conducted a consultation with the Third Sector in 2009 on revisions to the grant application process that resulted in changes to the 2010-11 grant application process. These changes included the introduction of a scoring mechanism and revisions to the grant eligibility criteria.
- 2.2.2 In 2010, consultation was undertaken to inform the development of the Third Sector Strategy (Appendix 1) which was adopted by Cabinet in April 2010. The Strategy sets out the Council's strategic view of its future relationship with the Third Sector. The Strategy's action plan now requires revision for the next phase of implementation.
- 2.2.3 In 2011, further consultation was undertaken with the Third Sector on reviewing the way that Council support was provided. As a result of this consultation the Council approved the Third Sector Investment Plan 2012-15 in October 2011 (Appendix 2).

2.3 Current situation

2.3.1 A cross-corporate internal stakeholders' working group was reinstated in November 2010 to monitor the delivery of actions against the Third Sector Strategy and as a consultation group for the development of strategic support for the sector (such as the Funding and Procurement Compact Code and the Third Sector Investment Plan). It is proposed to hold a workshop in January 2012 with the Third Sector to as part of the next stage of reviewing progress against the strategy and revising the action plan and to seek nominations from the sector to become part of the working group.

2.3.2 The objectives of the Third Sector Strategy have been delivered to date in the following ways (see action plan update Appendix 3):

(i) Objective 1: To deepen partnership working by strengthening the role of the Third Sector as a strategic partner;

- The Funding and Procurement code of the Compact is currently being updated in consultation with internal and external stakeholders so that it reflects proposed changes to funding and commissioning arrangements. The new revision will be circulated to the HSP VCS reps in December 2011 for final comments before formal adoption early in the new year.
- The new HSP structure reflects the current strategic role of the partnership in particular with strategic direction. Three sector representatives are on the HSP Board and all five reps are part of the HSP Assembly. The VCS are holding elections for these positions in May 2012 through the Voluntary Sector Forum and will be supported by the Council.
- The Grants Advisory Panel has a VCS representative to advise on matters and the sector has been consulted on the proposals for the Third Sector Investment Plan and changes to grant application processes.
- The VCS representatives were members of the HAVS 'Way Forward' Group which supported HAVS trustees in a potential turnaround project and are key members of the Interim CVS Board with the Council, from developing a specification for interim services to monitoring and developing services for the future.

(ii) Objective 2: To build the capacity of the Third Sector to help it change itself to address the future;

The move towards commissioning will be a challenge for many Third Sector organisations, however, the Third Sector itself recognises the need to change itself to address the future. The Council has put in place training workshops to support the Third Sector and further support to help organisations prepare for commissioning is also planned. Following the difficulties at Harrow

Association of Voluntary Service (HAVS) the Council commissioned a new Interim CVS service from a consortium of Ealing, Hillingdon, Hammersmith and Fulham CVS. The new service started in September 2011 and will be in place until 31st March 2012. The interim service is working closely with the Council and Third Sector representatives to provide capacity building and fundraising support, volunteer brokerage, ICT support and training workshops. The consortium is also supporting the Voluntary Sector Forum and Interim CVS board in undertaking a consultation to inform the service specification for a potential new infrastructure support service.

(iii) Objective 3: 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.

The Third Sector Investment Plan will deliver a transparent commissioning process for securing services that align with the Council's corporate priorities. With longer term funding arrangements in place organisations will be able to plan their services more effectively and work with the Council in designing and delivering services that meet the needs of local residents.

Since 2008 there have been a number of developments that have improved the management and administration of grant funding. Most recently an internal audit report commissioned by the HAVS Scrutiny Challenge Panel made a number of recommendations for improvement. Action has been taken to address these recommendations that led to an improved process for the 2011-12 grant-funding round. Further improvements have been put in place for the 2012-13 funding round including the inclusion of VCS representatives as observers on the grant assessment panels.

2.3.3 Since the adoption of the Third Sector Strategy there have been a number of significant developments that have affected local Third Sector organisations. As well as major changes to the funding landscape, the lack of a CVS service has had an impact on the Sector's access to good quality capacity building support and representation. Despite this, the Council has continued to work with the Voluntary Sector Forum and HSP representatives to achieve good progress against the action plan. In light of the recent approval of the Third Sector Investment Plan, the action plan now requires updating. Appendix 4 provides an updated action plan which the Overview and Scrutiny Committee is requested to consider and comment upon.

2.3.4 The Council is now implementing the Third Sector Investment Plan which sets out a strategic framework for the delivery of Council support to the Third Sector to replace the current Main Grants programme and accommodation offer as follows:

- I. The delivery of commissioning and small projects funding through the Main Grants programme.
- II. A strategic approach to the development of Third Sector accommodation hubs and a review of premises for venue hire.
- III. Alignment of the provision of other support such as discretionary rate relief to the principles of the Third Sector Investment Plan.

2.3.3 Following feedback from the Third Sector and other stakeholders the Council agreed to a phased implementation of these proposals during 2012-13. These are as follows:

I. The Main Grants Programme is being offered using the current processes for the funding period 2012-13. Decisions will be brought to Grants Advisory Panel in February and Cabinet in March 2012 for approval. The process will be conducted as in 2011/12 incorporating the recommendations of the Internal Audit. Assessments will be made by grants panels drawn from officers across the Council. Representatives from the Third Sector will be invited as observers to the panels to further ensure transparency.

II. Pilots for commissioned services for the Main Grants funding will be identified in consultation with the Third Sector at the January workshop and with internal stakeholders early in 2012 and service specifications will be developed in consultation with the Portfolio Holder and other stakeholders. Procurement will be carried out in line with the Council's procurement procedures.

III. A number of projects are underway to support the development of the accommodation offer for the Third Sector in Harrow. These include:

- a) A review of the Discretionary Rate Relief policy. Consultation is currently being conducted with the sector.
- b) The development of community hub bookable space in libraries, children's centres and community halls. This cross-Directorate project will consider where Third Sector organisations can be supported/encouraged to make better use of existing facilities through appropriate hire or licence agreements to be agreed with Corporate Estate and Legal Services. A pilot project has been submitted for consideration for the Transformation Priority Fund.
- c) Potential funding of £60,000 from the Harrow Strategic Partnership (HSP) that has been set aside from the Local Area Agreement reward grant to support accommodation options. Applications were initially received from CARRAMEA (a cooperative of organisations based at the existing Community Premises base in South Harrow) and RAFT which is a cooperative including Mencap, African SANG and others. Both consortia have been invited to resubmit applications which will be considered by the HSP in December 2011.
- d) Harrow Third Sector organisations are part of a West London funding application to the Big Lottery 'Transforming Local Infrastructure Fund' which if successful would also provide funding for the development of a resource centre in the Borough.

Whilst proposals are being developed, organisations based at Community Premises in South Harrow have had their Facilities Use Agreements extended. Projects under consideration include:

- 2.3.5 The community lettings scheme, whereby organisations receive a 50% discount on school bookings made through the Council, has been reviewed several times over the years. Community organisations have been concerned to preserve the Council subsidy for these bookings. Seven schools which transferred to Academy status during the year made a commitment to take direct bookings at the rates currently charged for the first year of bookings. This leaves nine primary schools in the Community Lettings scheme.
- 2.3.6 If the Council retains bookings for certain schools, processes will be revised in order to reduce a potential negative financial impact for the Council. A number of alternative arrangements are under discussion, which could 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.

2.4 Why a change is needed

- 2.4.1 The Council supports the Third Sector in a number of ways including;
- Directly with funding either in the form of grants or commissioning;
 - Support with accommodation either directly or through the provision of discretionary rate relief;
 - Other support such as fund-raising advice and employee volunteering.

This support is delivered across a number of Council Directorates and the Third Sector Strategy and Investment Plan aim to ensure that there is co-ordination and a strategic overview of how this support is delivered in the future. In the current financial climate however, all Directorates are reviewing the way support is provided to ensure that resources are used in the most cost effective way for the benefit of Harrow residents.

- 2.4.2 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. Both the Adults and Housing and Children's Services Departments are reviewing their commissioning strategies to ensure they align with future service delivery requirements.
- 2.4.3 There is a high level of demand for grant funding. During the 2011/12 grant funding round the Council received a record number of applications with a total funding request of approximately £2.3 million against a budget of £670,000. The Third Sector will need to change and adapt to meet the challenges of potentially fewer resources and/or commissioning. The Third Sector Strategy and Investment Plan aim to

address these challenges against a continued commitment to build a sustainable and independent Third Sector.

Implications of the Recommendation

2.5 Staffing/workforce

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

2.6 Legal comments

2.6.1 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 decision makers have 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.*

It is important that when making decisions involving voluntary groups who serve persons with the relevant protected characteristics that a full equalities Impact is completed.

The relevant protected characteristics are:

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

2.7 Financial Implications

- 2.7.1 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.
- 2.7.2 The proposed changes to the delivery of the Main Grants Programme will impact on the way that the budget is distributed between grants and commissioning in future years. Proposed changes will be contained within the overall Main Grants budget or as part of an overall corporate commissioning model.
- 2.7.3 The commissioning of services from the Third Sector will be managed in accordance with EU procurement rules and regulations where applicable.
- 2.7.4 The re-provision of Council support with Third Sector accommodation will be managed within existing budgets or supported through applications for external funding as described above in paragraph 2.3.6.

2.8 Performance Issues

- 2.8.1 The implementation of the Third Sector Strategy and Investment Plan will contribute to the delivery of the Council's corporate priorities. Outcomes for grant funded or commissioned services will be aligned to these priorities and monitored through the annual monitoring process. The results of this monitoring will be used to assess overall performance of funded services and help inform future service specifications.

2.9 Environmental Impact

- 2.9.1 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.
- 2.9.2 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.

2.10 Risk Management Implications

- 2.10.1 The following risks have been identified for the implementation of the Third Sector Strategy and Investment Plan;
- 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 during the mid-year monitoring process.

2.11 Equalities implications

2.11.1 Changes to the way that Council support is delivered to the Third Sector has been based on the results of consultations that have been ongoing since 2009. These consultations include;

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

2.11.2 An equalities impact assessment was undertaken on the Third Sector Investment Plan. This assessment identified that the changes could have both a potential positive and potential negative impact on protected equality groups. The commissioning and grant funding principles contained in the Plan are designed to support the delivery of discretionary services for the Council in accordance with its statutory functions including its 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.

2.11.3 It is recognised however, that the proposals will have an impact on the availability of grant funding for the annual process that has traditionally supported a range of services delivered by Third Sector organisations. With increasing competition for grant funding there is a potential impact on some organisations and services that serve the needs of protected groups.

2.11.4 The decision to introduce the changes to commissioning and small grants using a phased approach aims to mitigate the potential negative impact on groups. A phased implementation will allow Third Sector organisations likely to be affected by the changes more time to prepare for commissioning and more time to put in place alternative fund-raising strategies. The Council will also put in place training and capacity building support to assist organisations during this transition period. The piloting of commissioning in one or two service areas will also allow the Council to test the approach and learn any lessons before full implementation. The Council will continue to review its equalities duties during the development and implementation phases.

2.12 Corporate Priorities

2.12.1 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.

Council support to the Third Sector will be aligned to the delivery of these priorities thereby facilitating closer partnership working between the sectors.

Section 3 - Statutory Officer Clearance

Name: Kanta Hirani



on behalf of the

Chief Financial Officer

Date: 1 December 2011

Name: Jessica Farmer



on behalf of the
Monitoring Officer

Date: 30th November 2011

Section 4 - Contact Details and Background Papers

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Background Papers:

None