

For publication

FUNDING TO VOLUNTARY AND COMMUNITY ORGANISATIONS **2018/19 and 2019/20**

MEETING: 1. CABINET

DATE: 17 JULY, 2018

REPORT BY: EXECUTIVE DIRECTOR

KEY DECISION 826
REFERENCE

FOR PUBLICATION

1.0 **PURPOSE OF REPORT**

- 1.1 To update Members on the achievements of the voluntary sector organisations funded via Service Level Agreements during 2017/18.
- 1.2 To seek Members support for the retention of existing funding levels during 2018/19 and 2019/20.
- 1.3 To seek Members support for a comprehensive review of all voluntary sector funding allocations to be undertaken, including those made from the Housing Revenue Account, to ensure a greater focus on outcomes for Chesterfield residents based on the allocated funding in the future.

2.0 **RECOMMENDATIONS**

- 2.1 To retain the same level of funding and proportionate allocation to each voluntary sector organisation for a period of two years, from 1st April 2018 to 31st March 2020. This allocation, despite the severe financial challenges in the Public Sector, demonstrates the level of commitment the Council has to the voluntary sector and provides the organisations with continued unchanged funding and certainty in planning their resources until 2020.
- 2.2 That a detailed review of Chesterfield Borough Council's financial allocation to the voluntary sector, including funding from Housing Revenue Account and any other sources within the Council, is undertaken. This will include the impacts and outcomes delivered, together with a comparison of the costs and outcomes from alternative delivery models to ensure best value for money and the most effective methods of supporting Chesterfield residents.
- 2.3 That the findings of the review of voluntary sector activity and funding (2.2 above) will be presented to a future Cabinet meeting, with any potential changes to delivery or funding being implemented from April 2020, following appropriate consultation.
- 2.4 A proportion (£80,000 pa) of the Council funds for this purpose will, from 1st April 2018, be funded from the Housing Revenue Account to reflect the support provided by the voluntary sector to Council tenants.
- 2.5 To delegate authority for the approval of the final SLA's for each organisation to the Cabinet Member for Governance.

3.0 **BACKGROUND**

- 3.1 Since 2007, funding allocated to community and voluntary groups has been allocated via Service Level Agreements (SLAs). This process enables an annual review of the delivery of services to which the Council contributes, without the need for organisations to complete full application forms. Schedule 1 of the SLA's

provides details of the activities to be delivered with clear outputs and milestones identified against which the service can be monitored. The SLA's highlight how activities to be undertaken link to the Council Plan objectives.

- 3.2 The Council Plan identified as an aim for 2017/18 – 18/19 the '*Co-commissioning of VCS delivered services with our County Council and CCG partners to ensure that all commissioned services are co-ordinated and delivered to improve health and wellbeing outcomes and address the wider social determinants of health across Chesterfield*'. In April 2017, Members agreed that a re-prioritisation exercise should take place during the year, with co-commissioning of voluntary sector services to be considered as an option in line with the aims of the Council Plan.
- 3.3 All recipients have submitted an Annual Progress Report outlining achievements during 2017/18 and these are attached at appendix 1, together with some analysis of the support they have provided.
- 3.4 Each organisation has provided copies of their latest audited accounts and failure by any organisation to pass the financial test conducted by the Chief Accountant, or future ability to fulfil their SLA, will be considered on a case by case basis.
- 3.5 The government's austerity measures continue to reduce the funding available to Chesterfield Borough Council, whilst the indicators of multiple deprivation demonstrate a challenging picture. In addition the recent introduction of Universal Credit in Chesterfield has added significant demand for support. This context further endorses the need to work effectively in partnership with a range of public and voluntary sector organisations to support and empower individuals, families and communities, despite significant budget pressures on the Council.

4.0 UPDATE

- 4.1 During quarter 1 of 2017/18 the Health and Wellbeing Manager held an introductory meeting with representatives from each of the organisations currently receiving funding via SLA's. The purpose of the meeting was to inform the organisations that the Council would be undertaking a re-prioritisation exercise with regard to funding of SLA's during the year and that further consultation would take place with them as options were developed. The Health and Wellbeing Manager highlighted the option of co-commissioning of services with the North Derbyshire Clinical Commissioning Group and Derbyshire County Council.
- 4.2 Following the meeting, the Health and Wellbeing Manager continued to pursue the co-commissioning option with North Derbyshire Clinical Commissioning Group. However, this option was no longer viable in the short /medium term when the CCG was given 'legal direction' from NHS England, which focussed all their officers attention and they withdrew from these discussions.
- 4.3 Derbyshire County Council have commissioned an independent company to review their options for future funding of the voluntary sector. The County Council will await those findings before considering their future approach.
- 4.4 To enable the continuation of these support services to the residents of Chesterfield, the Council has been left with no option but to continue to commission independently of other public sector partners for the delivery of voluntary sector services in the borough for the immediate future.
- 4.5 In determining the level and apportionment of funding to the voluntary sector by the Council it is increasingly important to understand the landscape in which the advice agencies are currently operating. Since the introduction of Universal Credit in November 2017 the advice agencies have experienced an uplift in enquiries and requests for support. This is expected to continue

but will be monitored and reviewed as part of the overall review recommended in paragraph 2.2 of this report.

- 4.6 Given the impact of Universal Credit on some of the tenants of our Council houses, Members may wish to consider the option of utilising some of the Housing Revenue Account to support the advice agencies.
- 4.7 It is proposed that the total level of funding for SLAs remains unchanged from April 2018 to March 2020 to provide continued support and certainty for the organisations receiving funding.
- 4.8 That a detailed review of Chesterfield Borough Council's financial allocation to the voluntary sector, including funding from Housing Revenue Account, and any other surces of funding within the Council is undertaken. This will include the impacts and outcomes delivered, together with a comparison of the costs and outcomes from alternative delivery models to determine the best value for money and most effective methods of supporting Chesterfield residents. It will also need to take into account the context of the potential impact of any changes in Derbyshire County Council's future approach to voluntary funding, the ongoing budget pressures being faced by Chesterfield Borough Council and the growing demand for support and help, due in part to the introduction on Universal Credit.
- 4.9 The proposed allocation of funding is therefore shown in the table below:

Table 1: Organisations and proposed allocations of funding

Organisation	17/18 Actual	April 2018 /March 2019 Proposed	April 2019 / March 2020 Proposed
CAB	£120,375	£120,375	£120,375

Law Centre	£ 41,697	£ 41,697	£ 41,697
DUWC	£ 39,681	£ 39,681	£ 39,681
Shopmobility	£ 21,789	£ 21,789	£ 21,789
Links	£ 16,002	£ 16,002	£ 16,002
TOTAL	£239,544	£239,544	£239,544

5.0 RISK MANAGEMENT

5.1 Risk Management

Description of the Risk	Impact	Likelihood	Mitigating Action	Resultant likelihood	Resultant Impact
Funding for advice agencies insufficient to cover increased demand, especially relating to Universal Credit support. This could lead to long waiting times for residents to receive the advice they need.	M	H	This is a risk for the organisations as well as the Council. There has always been demand in excess of supply and the groups have worked well in mitigating against this by being clear in terms of the services they can provide. Working effectively with partners across the voluntary and public sector, as demonstrated during the introduction of Universal Credit,	M	L

			helps mitigate this.		
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6.0 FINANCIAL CONSIDERATIONS

6.1 The existing budget for SLAs to the voluntary and community sector is £239,544. Despite the growing demand for services the Council is facing unprecedented level of cuts in central government funding, with most services having to reduce their budgets. By undertaking a review of the funding and outcomes the Council will have the opportunity to direct future funding where it is most effective in supporting communities and residents of Chesterfield.

6.2 The funding for SLA’s has traditionally been provided from within the General Fund, however, Members are requested to consider utilising £80,000 pa from the Housing Revenue Account to support the advice agencies in dealing with the uplift in support to recipients of Universal Credit. This option would generate a saving in the General Fund.

6.3 Service Level Agreements and allocations of funding have been subject to the Council’s financial test. All organisations have passed all tests with the exception of one test which was not passed by Links CVS. The one part that was not passed refers to organisations having reserves of no more than 50% of their annual running costs. Links CVS state in their constitution that they consider it to be good practice to hold 100% of annual running costs in reserves. This has been their longstanding position and as their constitution states this, we have waived this one matter in the past and will continue to do so. All other tests were passed by all organisations.

7.0 PUBLIC RELATIONS AND MEDIA CONSIDERATIONS

- 7.1 Despite ongoing reductions in the Council's budget over recent years, funding for SLA's has been maintained at a consistent level with only a 10% reduction being implemented in 2016/17.
- 7.2 Discussions with the relevant voluntary sector organisations will be undertaken as part of the review and then consultation will take place following any decision relating to revisions in funding allocations.

8.0 **EQUALITIES CONSIDERATIONS**

Equality matters and implications will be considered within the EIA process that will be undertaken following the review of funding, but prior to the implementation of any potential changes to funding allocations.

9.0 **RECOMMENDATIONS**

- 9.1 To retain the same level of funding and proportionate allocation to each voluntary sector organisation for a period of two years, from 1st April 2018 to 31st March 2020. This allocation, despite the severe financial challenges in the Public Sector, demonstrates the level of commitment the Council has to the voluntary sector and provides the organisations with continued unchanged funding and certainty in planning their resources until 2020.
- 9.2 That a detailed review of Chesterfield Borough Council's financial allocation to the voluntary sector, including funding from Housing Revenue Account and any other sources within the Council, is undertaken. This will include the impacts and outcomes delivered, together with a comparison of the costs and outcomes from alternative delivery models to ensure best value for money and the most effective methods of supporting Chesterfield residents.
- 9.3 That the findings of the review of voluntary sector activity and funding (9.2 above) will be presented to a future Cabinet meeting,

with any potential changes to delivery or funding being implemented from April 2020, following appropriate consultation.

- 9.4 A proportion (£80,000 pa) of the Council funds for this purpose will, from 1st April 2018, be funded from the Housing Revenue Account to reflect the support provided by the voluntary sector to Council tenants.
- 9.5 To delegate authority for the approval of the final SLA's for each organisation to the Cabinet Member for Governance.

10.0 **REASON FOR RECOMMENDATIONS**

- 10.1 To ensure that the future delivery of funding to Voluntary and Community Groups meets the priorities of the Council and the needs of the residents of Chesterfield and is delivered to a high quality in a sustainable way.

Executive Director

Further information on this matter can be obtained from James Drury