

FOR PUBLICATION

FUNDING TO VOLUNTARY AND COMMUNITY ORGANISATIONS 2016/17 **- SERVICE LEVEL AGREEMENTS (E000)**

MEETING:	1. CABINET 2. CABINET MEMBER FOR HEALTH AND WELLBEING
DATE:	1. 5 APRIL 2016 2. 22 MARCH 2016
REPORT BY:	DEVELOPMENT AND GROWTH MANAGER
WARD:	ALL
COMMUNITY FORUM:	ALL
KEY DECISION REFERENCE	615

FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS: n/a

1.0 PURPOSE OF REPORT

- 1.1 To seek Members approval for a reduction in the funding available to support voluntary and community groups by 10% of the overall budget (£26,616) to support the Council in being able to deliver a balanced budget.
- 1.2 That report also seeks delegated authority for the sign off of Service Level Agreements for 2016/17 to the Cabinet Member for Health and Wellbeing.
- 1.3 The report also highlights the need to consider how the Council manages this budget moving forward, to allow for future budget cuts, financial challenges and emerging priorities as highlighted in the Corporate Plan.

2.0 **RECOMMENDATIONS**

- 2.1 The level of funding for Service Level Agreements (SLAs) be reduced by £26,210 to £239,544 for 2016/17 onwards.
- 2.2 The SLAs be developed with recipient groups (based on the outcomes as included in the pro formas in Appendix 1) following confirmation of the budget for 2016/17. The authority to sign off the completed SLAs is delegated to the Cabinet Member for Health and Wellbeing.
- 2.3 That Members agree that a re-prioritisation exercise is undertaken in 2016/17 to ensure that the Council is able to provide a balanced budget and support existing and emerging community needs and Council priorities.

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 highlights how activities to be undertake link to the Council's Corporate Plan objectives.
- 3.2 In June 2015, Members agreed the allocation of funding to voluntary organisations for the period 2015/16, alongside this a recommendation was agreed that funding should be reviewed during the year with a view to making savings. Following a meeting of the Cabinet member and assistant member for Health and Wellbeing, as well as relevant officers, it was agreed that contact be made with all organisations holding an SLA with the Council in order to begin discussions regarding a potential reduction in funding.
- 3.3 To enable the organisations that we hold an SLA with time to adjust to a potential reduction in grant funding, all groups were contacted on 5th November 2015, and advised that a reduction in grant funding was being considered. The groups were asked to complete a pro forma highlighting what impacts a reduction in funding of 10% would have on their organisations ability to deliver services as outlined in the SLA's. A copy of all the pro formas submitted are appended (Appendix 1). It was made clear at the time that a 10% cut had not been decided upon but that it could be higher or lower than this depending on the outcome of future budgetary discussions. A figure of 10% was chosen to enable an indication to be given to members of the impact on services

of such a cut, clearly a higher cut would increase the scale of the impact.

- 3.4 Individual meetings were held with all groups to discuss the completed pro formas as well as wider discussions about how the potential cuts in funding would impact on their organisations delivery capabilities. It should be noted that all the meetings held were positive with representatives from the organisations affected were realistic and accepting of the Council's need to reduce funding as a response to the cuts in its own funding. There was also a sense of gratitude that we had avoided cutting funding in previous years.
- 3.5 The approach undertaken has been to explore a uniform cut of 10% across all organisations rather than a process whereby one organisation would face a larger cut than another with the aim of balancing out at a total 10 per cent cut. Members may wish to take a different approach which would involve a more complex review of the Council's priorities to determine which groups should face a larger or smaller cut based on which activities Members consider to be the most important.
- 3.6 Normally at this stage of the year, all recipients submit an Annual Progress Report outlining achievements during 2015/16 and attended an annual review meeting which has helps to inform the SLAs for 2016/17. Annual progress reports have been provided but as the groups have attended a meeting to discuss the impacts of potential cuts it was felt more appropriate to delay the annual target setting until the final budget (and confirmation of a reduction in funding was approved). The likely outcomes that will feature in the SLA's are already highlighted in the pro formas submitted (Appendix 1). It is proposed that following Cabinet, officers work with the groups to finalise the SLA's for 2016/17 based upon the final budget available. It is proposed that authority for signing off the completed SLAs for 2016/17 is delegated to the Cabinet Member for Health and Wellbeing.
- 3.7 Each organisation has provided copies of their latest audited accounts and any failure by any organisation to pass the financial test conducted by the Chief Accountant, or future ability to fulfil their SLA, will be considered within the annual review in late autumn of each year.
- 3.8 As stated above, it is proposed that the overall level of funding for SLAs be reduced by 10 per cent in the period 2016/17, as detailed below:

Table 1

SLAs	15/16 Actual	16/17 Proposed Reduction	16/17 Proposed revised allocation
CAB	133,750	(-13,375)	120,375
Law Centre	46,330	-(4,633)	41,697
Shopmobility	24,210	(-2,421)	21,789
DUWC	44,090	(-4,409)	39,681
Links	17,780	(1,778)	16,002
Total	£266,160	-£26,616	£239,544

3.9 Impacts of the reductions in funding

3.10 As indicated above, each of the groups have completed a pro forma (contained in Appendix 1) that highlights the impacts a reduction in funding would have on their ability to deliver services that reflect the Council's Corporate Plan priorities. The responses generally demonstrate that a cut of 10% would result in a 10% reduction in delivery of outcomes, in reality it is not likely to be as clear cut as this as the numbers of clients and their needs are not wholly predictable. The development of the SLA's for 2016/17 will involve a process of negotiation between the organisations concerned and the Council to determine which services the Council will continue to purchase through the SLA.

3.11 If further funding reductions are to be considered in future years to help enable the Council to deliver a balanced budget, sufficient notice will need to be provided to those organisations effected. As part of this process, the Council may also wish to consider a more far reaching re-prioritisation exercise linked to Council Plan priorities and emerging community needs. This could change how groups are funded in the future as there is competing demands for resources. Sufficient planning will need to be undertaken, early in 2016/17 to ensure that the Council is able to respond to the emerging priorities and the needs of the groups currently being funded by the SLA process.

4.0 RISK MANAGEMENT

4.1 Risk Management

Description of the Risk	Impact	Likelihood	Mitigating Action	Resultant likelihood	Resultant Impact
Maintaining funding to voluntary and	H	M	A 10% saving on funding for future years is proposed	M	L

community organisations in 2016/17 could impact on other Council services given the limited financial flexibility the Council faces.			as pressure on Council finances grows.		
There is a risk that there may be disagreement regarding the content of the SLAs with individual organisations	M	L	Annual review meetings and regular monitoring mean that a good dialogue exists between the Council and the organisations funded and agreement on targets can be reached satisfactorily.	L	L
The level of funding following a reduction in funding may not be sufficient to meet the demand for advice, 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, sources external funding, exploring savings from other budgets to continue service provision.	M	L
Risk of negative press coverage as a result of the proposed cuts to grants.	M	M	The Council has engaged with all groups early in the review process to ensure that Groups are aware of the potential for funding to be cut. From meetings held, groups	L	L

			<p>seem reasonably understanding of the position the Council is in and grateful of cuts in previous years being avoided. A clear press strategy needs to be planned to ensure negative press is avoided.</p>	
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5.0 **FINANCIAL CONSIDERATIONS**

- 5.1 The financial implications are set out within the report. The existing budget for SLAs to the voluntary and community sector of £266,160 is recommended to be reduced by 10 per cent to £239,544, to support the Council in being able to deliver a balanced budget. The recommendation to review funding was agreed as a recommendation in the Cabinet report considered in June 2015. Consultation has taken place with the organisations affected and a resulting decline in outputs generated is the likely outcomes from the SLA setting process.
- 5.2 Service Level Agreements have been subject to the Council’s financial test. All organisations have passed the test with the exception of Links CVS. Links have reserves in their accounts that would cover one years of operation. The Council’s financial test only allows for 6mths of annual spend in reserves. However, in line with Charities Commission guidance, this is considered to be good practice in terms of financial management for third sector organisations.

6.0 **PUBLIC RELATIONS AND MEDIA CONSIDERATIONS**

- 6.1 Despite ongoing reductions in the Council’s budget over recent years, funding for SLA’s with the voluntary sector has remained at the same level since 2007. Meetings have been held with all effected groups to address any areas or concerns they may have. The cuts proposed are significantly lower than the overall budget cuts being experienced by Chesterfield Borough Council and as such, the Council is still positively supporting groups by subsuming the impact of the overall cuts within its own organisation as much as possible.

7.0 **EQUALITIES CONSIDERATIONS**

- 7.1 A preliminary Equality Impact Assessment (EIA) has been undertaken with regard to the recommendation to explore a reduction in funding of 10 per cent. The reduction in funding will potentially have a proportionate effect as less people may be able to access support.

However, it is not likely to adversely impact on any specific group. A full EIA will be undertaken and ongoing equality analysis during the re-prioritisation exercise. It is not felt that a full EIA is required at this time as there is no proposal to change the policy, rather the amount of funding available.

8.0 **RECOMMENDATIONS**

- 8.1 The level of funding for Service Level Agreements (SLAs) be Reduced by £26,210 to £239,544 for 2016/17 onwards.
- 8.2 The SLAs be developed with recipient groups (based on the outcomes as included in the pro formas in Appendix 1) following confirmation of the budget for 2016/17. The authority to sign off the completed SLAs is delegated to the Cabinet Member for Health and Wellbeing.
- 8.3 That Members agree that a re-prioritisation exercise is undertaken in 2016/17 to ensure that the Council is able to provide a balanced budget and support existing and emerging community needs and Council priorities.

9.0 **REASON FOR RECOMMENDATIONS**

- 9.1 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 within a realistic and sustainable budget.

N JOHNSON
DEVELOPMENT AND GROWTH MANAGER

Further information on this matter can be obtained from Laurie Thomas/Lynda Sharp (Tel: 01246 345256).

Officer recommendation supported.

Signed: 

Cabinet Member

Date: 22 March 2016