Public Document Pack

Officer Decision Making

Thursday, 23rd March, 2017 at 10.00 am

PLEASE NOTE TIME OF MEETING

Room 204, Civic Centre, Southampton

This meeting is not open to the public

Decision Maker

Chief Strategy Officer

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AGENDA

Agendas and papers are available via the Council's website

1   **GRANTS CONSULTATION FINAL REPORT** (Pages 1 - 52)

To consider the report of the Director of Quality and Integration detailing the Grants consultation final report, attached.

Wednesday, 15 March 2017   Service Director, Legal and Governance

DECISION-MAKER:		CHIEF STRATEGY OFFICER		
SUBJECT:		GRANTS CONSULTATION FINAL REPORT		
DATE OF DECISION:		23 MARCH 2017		
REPORT OF:		DIRECTOR OF QUALITY AND INTEGRATION		
CONTACT DETAILS				
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STATEMENT OF CONFIDENTIALITY
None

BRIEF SUMMARY
The Council makes a significant investment in Southampton's thriving, rich and diverse voluntary sector, incorporating large and small organisations, community groups and faith organisations. Cabinet want to ensure that our significant investment of over £20M every year contributes directly to the Council's priority outcomes, encourages better collaboration within the voluntary sector and is able to lever additional external funding to the city.
In October 2016 Cabinet considered a report detailing a review of the Council's investment in the voluntary sector, across grants and contracts. The review was undertaken with the aim of ensuring that services provided by the voluntary, community and faith sector (whether contracted or grant funded) contributed directly to the Council's priority outcomes. This review was to inform the 2 year work programme with a strong focus on prevention and early intervention approaches. Over the 2 year period, Cabinet will consider a number of recommendations in order to deliver redesigned services which could result in reshaping and re-tendering for services. At this meeting Cabinet also agreed delegated authority to the Chief Strategy Officer, following consultation with the Leader of the Council, to do anything necessary to give effect to the recommendations they agreed and, following the consultation exercise, to approve a way forward.
As a result of the recommendations agreed at the Cabinet meeting in October 2016, the Council commenced consultation with grant aided organisations and the wider voluntary, community and faith sector to seek their feedback. This report details the results of the consultation feedback and makes final recommendations relating to the use of grants for the future, to ensure that its commitment to and investment in the voluntary, community and faith sector contributes to achieving its priority outcomes.

RECOMMENDATIONS:		
	(i)	To cease the current corporate voluntary sector grant funding programme in favour of an approach which identifies the most appropriate funding route in each circumstance, based on the nature of service the Council wants delivered and the outcome(s) it wants

		achieved.
	(ii)	To undertake mitigating actions to ensure that voluntary, community and faith sector organisations are not disadvantaged in any commissioning process including support to enhance their ability to respond to tenders.
	(iii)	To give a minimum of 3 months' notice to all current grant recipients and to put in place a transition programme, so that there is continuity of grant aided services for the duration of any procurement process.
	(iv)	To use grants for shorter term and one-off funding for specific themes (as and when funding is available), for voluntary, community and faith organisations to develop local services and to pilot new ideas and innovations.
	(vi)	To encourage collaborative approaches and make successful efforts to bring in match funding wherever possible as a general principle.
	(vii)	To endorse the principle of participatory budgeting and for this to be considered alongside work to commission a new community development model and to include in the specification, whether delivered in house or by an external partner, the requirement to implement this in the most efficient way.

REASONS FOR REPORT RECOMMENDATIONS

1.	To maximise the benefits from the significant investment the Council makes in the voluntary sector and to ensure that this is directed towards the Council's priority outcomes and that it can be used in a more strategic way to lever in external funding to the city.
2.	To provide more opportunities for small groups to access one off funding as this type of support has delivered huge benefits and supports the efforts of volunteering in the city.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3.	Continuing with the current arrangement has been considered and rejected because: • There is an opportunity to take a strategic approach to achieving Council priorities by unifying its approach to the Council's significant, overall investment in the voluntary sector (through grants and contracts). • A number of core services are currently being funded through the grants process. A more effective way to achieve the desired outcomes would be through clear specifications for services the Council wants delivered and using contractual routes which provide guaranteed arrangements for appropriate lengths of time. • While a number of Council funded organisations and services in the city provide a valuable service with a good return on investment, this is variable across organisations. • Activities are not always co-ordinated leading to both overlaps and gaps, which means that impact is not targeted or maximised.

DETAIL (Including consultation carried out)

	Background
4.	Southampton has a thriving voluntary sector with a rich diversity and cultural mix and includes both local and nationally affiliated charities, housing associations, social enterprises, small community and neighbourhood groups and faith organisations. The Council invests over £20M per year in voluntary, community and faith organisations and needs to ensure this makes a contribution to the Council's priority outcomes, encourages better collaboration within the voluntary sector and is able to lever additional external funding to the city.
5.	The Council also has a long history of supporting voluntary organisations, community and faith groups through its grants programme. The Council moved to outcomes based grant allocation in 2013 and the three year programme has provided successful organisations between one and three years of funding. Grant aided organisations were given one year's extension at the end of the last 3 year grants programme to enable the Council to agree its approach for the future. The grants budget for 2016/17 is £1.54M and this includes £50,000 for the Community Chest small grants scheme.
6.	The Council's investment includes a range of contracts totalling over £18M. The value of contractual investment illustrates that voluntary sector organisations now play a major role in providing core services for the City Council, with a significant amount funding services which have been the subject of open tenders. The voluntary sector also provide a number of services which are purchased on a 'spot' basis and this spend is in addition to the figures above.
7.	The Community Chest small grants scheme has been supporting community and faith groups as well as small voluntary organisations in the city for more than 30 years. The current budget is £50,000 per year, which is split roughly equally between two rounds, closing in May and November each year. Grants of up to £2,500 are awarded against priorities in the Council Strategy. Grants are awarded for a broad range of projects, including: residents and community projects, sports, health and wellbeing, arts and crafts, children and young people, older people, environment and employment and training. These small grants enable communities to help themselves and provide positive return for modest amounts of funding.
8.	A review of the Council's investment in the voluntary sector, including grants and contracts established that there is good return on investment. However, though this is currently spread across a large number of agencies, investment levels vary widely and there is also overlap between agencies providing similar services or providing services to the same group of people. Grant funding is also currently used to support core services which have been in place for many years.
9.	The Council wishes to prioritise its support to the voluntary, community and faith sector and to engage the sector in working jointly to address local challenges.
10.	In October 2016 Cabinet therefore agreed a new, unified approach to the Council's investment in the voluntary sector and agreed to prioritise the following areas, which include both grants and contracts, as they present further opportunities for amalgamation in order to increase the impact of the Council's investment and to continue to shift the focus towards prevention and early intervention approaches: • Housing Related Support (HRS), recommendations for the future

	procurement of HRS for young people and vulnerable adults was agreed by Cabinet in October 2016
	• Information, Advice and Guidance (IAG), is on the Forward Plan for April 2017
	• Community Development (model for facilitating community development was agreed by Cabinet in October 2016)
	• Homeless and Substance Misuse services (work is currently underway).
11.	At this meeting Cabinet agreed the new approach with the following recommendations:
	• To approve a consultation exercise on the proposed approach with grant aided organisations and the wider voluntary sector to include future arrangements for the current grants budget.
	• To approve proposals for extending the established participatory budgeting approach in Thornhill to two other areas of the city and to agree continuation of funding for all three areas from the existing budgets.
	• To approve the doubling of the budget for the Community Chest grants scheme to £100,000 and delegated authority for grant allocations to the Cabinet Member for Communities, Culture and Leisure who will chair a new cross party Member Panel to make recommendations.
	• To delegate authority to the Chief Strategy Officer, following consultation with the Leader of the Council, to do anything necessary to give effect to the recommendations contained in this report and, following the consultation exercise, to approve a way forward.
	Consultation
12.	Following the Cabinet decision in October 2016 the Council commenced a public consultation with grant funded aided organisations and the wider voluntary sector who could be affected by the proposals. The consultation ran from 2 December 2016 to 24 February 2017. The Council undertook this consultation in line with the Southampton Compact and the Best Value Statutory Guidance.
13.	The specific proposals included in the consultation were:
	• To identify the funding approach as part of each commissioning process, based on the type of service and the best way to achieve the priority outcomes, using contracts for specified services with clear outcomes and using grants for time limited initiatives such as pilots or pump priming.
	• To add two new grant criteria to the current criteria which would result in priority being given to collaborative bids and to bids which bring in match funding.
	• To increase the current Community Chest funding by £50,000 to give a total investment for small community groups of £100,000 per annum.
	• To continue to fund the Thornhill Participatory Budget scheme when the current funding ends, by the same amount, and to expand the area to include Harefield estate and a defined area in Sholing around Sullivan Road and the Merryoak estate.
	• To increase investment for participatory budgeting and extend to new areas of the city – a defined area within the Bevois and Bargate wards

	which include Northam and Golden Grove estates and the original SRB 6 regeneration area covering specific parts of Millbrook, Redbridge, Maybush and Coxford.
14.	A consultation document outlining the proposed changes was produced and disseminated widely included all current grant recipients. The Council accepted responses through a variety of methods including an online questionnaire, public meetings, one-to-one meetings (for current grant recipients directly impacted by the proposals), by phone, letter and email. Responses were accepted from individuals and organisations. Full details of the consultation arrangements including the consultation document, questionnaire and feedback are in Appendix 1.
15.	In addition, Equality and Safety Impact Assessments (ESIAs) have been undertaken for all current grants recipients directly impacted by the proposals and are available on request. The affected organisations have had the opportunity to comment on their ESIA. These ESIAs have been collated into a cumulative impact assessment which forms part of this report. The Cumulative Impact Assessment (CIA) is attached at Appendix 2.
16.	Throughout the consultation, every effort has been made to ensure that as many people as possible are aware of the proposals and have had the opportunity to have their say. Particular effort has been made to communicate the proposals to current grant recipients who would be directly impacted by the proposals. This has been achieved by targeting communications directly to affected grant recipients and having a period of priority booking for the public meetings.
	Consultation feedback
	Level of engagement
17.	The consultation process sought views on proposals relating to funding opportunities for the voluntary, community and faith sector from the Council in the future. The consultation process engaged with a range of individuals and organisations through a variety of methods to allow residents and organisations across the city to provide their views and elicit a full discussion on the proposals to enable the council to make a final decision.
18.	Overall there was a good level of engagement with the consultation process. In the last significant grants consultation in 2012 only 10 of the existing grant recipients engaged in the consultation, therefore the level of engagement in this consultation was a significant improvement. In total there were 84 respondents (53 organisations, 3 networks and 28 individuals) to the consultation on the voluntary sector funding proposals either through the online survey, public meetings, one-to-one meetings or a general email or comment. Some organisations responded through more than one consultation route. While all feedback will be included, individual organisations have only been counted once in the total number of respondents. • The online survey had 47 respondents (19 organisations and 28 individuals) • The public meetings had 35 attendees (all representing organisations) • 25 of the 34 current grant recipient organisations (74%) took up the offer for one-to-one meetings.
19.	In total 544 comments were received and analysed. A breakdown of the 53

	organisations that responded to the consultation has shown that 58.5% are local organisations (i.e. primarily working and based in Southampton), 30% are regional organisations and the remaining 9.5% are national organisations. The ways organisations responded was split between 36% via the online survey, 23% via public meetings and 41% via one-to-one meetings or email submissions. Individuals only responded to the consultation via the survey. The split of the 544 comments received was 32% online survey, 32% public meetings and 36% one-to-one meetings and email submissions.
20.	Only respondents who completed the online survey were asked about the size of their organisation. The list of organisations who responded to the consultation has significantly more voluntary organisations who have at least one paid staff member and permanent premises than small community groups.
	Feedback summary
	Proposed approach to awarding funding
21.	The proposal to use contracts for specified services with clear outcomes and grants for time limited initiatives such as pilots or pump priming was generally supported through the online questionnaire. Issues were raised which the council feels can be mitigated through a variety of approaches aimed at removing barriers to voluntary sector providers being able to respond to tender and enter into contracts. This approach has been reflected in the recommendations.
22.	Majority of the respondents to the online survey (55%) strongly agreed or agreed with the proposal to change the criteria for when the Council will offer grants and when it will offer contracts and 15% were neutral about the proposal. The remaining 30% either disagreed or strongly disagreed with the proposal. However, when considering feedback through other channels, just over 7% of comments were broadly supportive and featured in a lot of the comments received. The main reasons given were that the respondent felt it would not make any difference for their organisation, it seemed reasonable as long as there are still small grants available, and it could provide opportunities for both voluntary sector organisations and the Council. There was also a need to clarify how cross-cutting work would be funded if contracts are awarded for specific work streams. Top issues raised included: • Negative view of contracts or expressing the view that grants are better for voluntary sector organisations (52%) • Concerns about the impact on smaller organisations, about it being an unequal playing field and about skills and capacity for bidding for contracts (17%). This included concerns about procurement processes, being open to more competition than grants, particularly from larger organisations from outside of the city and that contracts are more time consuming, more expensive to administer. • Views that voluntary sector organisations need long term funding and core funding to provide a stable base for the organisation (18%). • Some respondents felt that contracts favour larger organisations. • Concern at the loss of long term "core" grant funding for voluntary sector organisations (e.g. building costs rent, utilities, business rates, IT and staff) as few funders give grants for core costs or set a maximum percentage.

23.	Some of the issues raised would apply equally to contracts and grants. For example, the current grants process is highly competitive with applicants frequently requesting more than double the available budget. Few applications in the past four years have received the full amount requested, in order to spread the available funds across a wide range of services, and the Council has had an increasing emphasis on awards being linked to particular activities and outcomes.
24.	A number of practical concerns have been raised by respondents are being considered so that voluntary sector organisations are supported with information and advice. Many of the concerns can be mitigated by proportionate use of procurement processes and by developing a programme of training for voluntary, community and faith organisations.
	Proposed additional criteria for grant funding
25.	The Council is proposing to introduce two new criteria for grants. It is aiming to encourage collaborative approaches to funding which it hopes will see more services delivered in partnership. It is also minded to give priority to organisations which actively use council funding to draw in match funding from other sources. • 58% of the respondents agreed or strongly agreed with this proposal • 20% of the respondents were neutral • The remaining 22% either disagreed or strongly disagreed.
26.	The proposals to include collaborative working and bringing in matching as criteria for grant awards was broadly supported, being seen as 'business as usual'. Some respondents wanted more detail and assurance on how the council would implement the criteria in order to prioritise applications that bring in additional funding. Potential barriers raised included resources needed to develop successful partnerships, skills and time to develop and costs (including staff time and costs for lead partners to manage contracts). A number of potential issues with partners were also identified, including finding partners, managing the relationship and the challenges that unequal partnerships bring, such as between organisations which are not at the same level in key areas like monitoring and measuring impact.
27.	Clarification was sought on the Council's definition of 'collaborative' working and whether this would include formal or informal partnerships. For the purposes of this exercise, formal and informal collaborative working is defined as: • Formal – where organisations are working together in formal relationships (i.e. have a written agreement that outlines how they will work together) to jointly deliver services and jointly bid for funding • Informal – where organisations work together in informal alliances and networks, delivering services together on an ad hoc basis.
28.	58% of the respondents strongly agreed or agreed with the proposal to prioritise applications which actively use Council funding to draw in match funding and many organisations see this as business as usual. However, some respondents were unclear how the Council would implement the criteria in order to prioritise applications that bring in additional funding. Queries include whether this would be based on past or future income, how it would be measured and whether there would be any penalties for not achieving future funding targets. Respondents also felt that other added

	value, particularly volunteer time, should also be considered as 'match' funding. Some respondents felt the changes to core funding would make it harder for them to bring in additional funding, as the core funding provides a stable base for them to start from.
	Community Chest
29.	The proposal to increase funding for the Community Chest small grants scheme was broadly supported. Some suggestions on potential changes to the criteria were received but this did not reflect a consensus view which would support an immediate change. Work will be undertaken on how best to promote the work of small, voluntary organisations.
30.	In relation to the current grant criteria a number of suggestions were made including: • Start-up funding for new organisations, potentially linked to capacity building and developing good governance practices (the current grant already focuses on this) • Emergency funding for organisations in crisis • Reviewing the length of grant and applications every year (the current grant must be spent within 1 calendar year and successful applicants cannot apply again the following year).
	Participatory Budgeting
31.	The proposal to extend Participatory Budgeting across the city had a mixed response with 47% respondents to the online survey agreeing and 30% disagreeing. Some of the issues raised by a wide variety of organisations will need consideration. Whilst the principle of community involvement in funding decisions was supported, the concerns relate to the practical application, unintended consequences, need for community development support to ensure all communities are in a position to take full advantage of this approach.
32.	The main reasons for concern regarding participatory budgeting were: • some 'unpopular' groups are disadvantaged and excluded from funding and it can thus create unfair allocation of resources • it can favour groups who can motivate support which is not always reflective of need or the best idea/project • it is resource heavy to manage which may not be best use of resources • funds could be better spent on community development which could also include elements of community involvement in decision making • participatory budgeting can work against smaller, less confident or less popular causes and thus potentially increases discrimination and inequality • There are other ways of encouraging community participation and decision making including community panels, training and support, different 'voting' mechanisms.
33.	While the Council is committed to the principle of Participatory Budgeting, it is open to ideas of how this can be delivered in the future. In doing so the Council will ensure that the specification for the community development model will include delivery of Participatory Budgeting in the most efficient way so that local communities can be directly involved in funding decisions

	related to their neighbourhoods.
34.	It is therefore recommended that, the practical application of Participatory Budgeting across the city is considered alongside the planned work to commission a new community development model. Any changes to the way in which Participatory Budgeting is implemented in the future will be implemented in Thornhill after March 2019.
35.	A number of additional comments were received which are included in the full report on the consultation and which have been taken into account in the recommendations and will also be considered in this and future related work streams.
	Conclusion
36.	The consultation sought views on the proposals for voluntary sector funding opportunities from the council in the future. The consultation engaged with a range of individuals and organisations through a variety of methods to allow residents and organisations across the city to provide their views and elicit a full discussion on the proposals to enable the council to make a final decision.
37.	The proposal to use contracts for specified services with clear outcomes and grants for time limited initiatives such as pilots or pump priming was generally supported through the online survey. The Council recognises voluntary sector organisations have concerns about moving away from a 'core' funding model. However issues raised can be mitigated through a variety of approaches aimed at removing barriers to voluntary sector providers being able to respond to tender and enter into contracts. This approach has been reflected in the recommendations.
38.	The proposals to include collaborative working and bringing in match funding as criteria for grant awards was broadly supported, being seen as 'business as usual' but there were some issues as to how this would work in practice. It is therefore recommended that, in view of the responses received, this approach is encouraged, supported and promoted.
39.	The proposal to increase funding for the Community Chest small grants scheme was broadly supported. Some suggestions were received on potential changes to the criteria but this did not reflect a consensus view which would support an immediate change. Work will be undertaken on how best to promote the work of small voluntary sector organisations.
40.	The proposal to increase Participatory Budgeting had a mixed response and some valid issues were raised during the consultation from a wide variety of organisations. Whilst the principle of community involvement in funding decisions is supported there were a number of concerns relating to the practical application and unintended consequences. While the Council is committed to the principle of Participatory Budgeting, it is open to ideas of how this can be delivered in the future. It is therefore recommended that, the practical application of Participatory Budgeting across the city is considered alongside the planned work to commission a new community development model.
RESOURCE IMPLICATIONS	
Capital/Revenue	

41.	The change in the Council's approach means that it is proposing a unified approach to its investment in the voluntary sector. Hence funding offered is through grants or through contracts as the route is considered to be less important and will be done on a case by case basis. While the Cabinet decisions include additional investments in Community Chest and Participatory Budgeting, this will be done within the overall budgets for grants and contracts.

Property/Other

42.	There are no property implications.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

43.	Section 2 Localism Act 2011 and various Local Government Acts. Any procurement will be governed by EU procurement rules depending on value.

Other Legal Implications:

44.	The Council must be mindful of the Southampton Compact and the Best Value Statutory Guidance in all its work with the voluntary sector. The Southampton Compact provides a code of good practice to build on existing good practice and continue to improve relationships between statutory, community and voluntary organisations. It covers five key areas with undertakings for both the public sector and voluntary sector in each area: • A strong, diverse and independent civil society; • Effective and transparent design and development of policies, programmes and public service • Responsive and high-quality programmes and services • Clear arrangements for managing changes to programmes and services; • An equal and fair society.
45.	The Best Value Statutory Guidance was issued by central government in 2011, revised in 2015. The Guidance provides a code of good practice for local authorities considering funding reductions that may affect the voluntary sector. It complements the Southampton Compact minimum consultation and notice periods.
46.	The Council needs to recognise its equalities duties and in making decisions will pay due regard to the need to eliminate discrimination and promote equality and to undertake Equality and Safety Impact Assessments (ESIAs). Equality and Safety Impact Assessments have been undertake in relation to grant-aided services, which includes input from the organisations themselves. A Cumulative Impact Assessment has also been undertaken, is attached at Appendix 2 and has informed this report and the final recommendations.

POLICY FRAMEWORK IMPLICATIONS

47.	The recommendations in this report will support the delivery of the following strategies and priorities included in the Policy Framework (Constitution Article 4.01): • Southampton City Council Strategy 2016-2020

KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	All	

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Appendices

1.	Consultation Document, Questionnaire and Feedback
2.	Cumulative Impact Assessment

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out?	Yes

Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No

Other Background Documents
Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	

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Grants consultation feedback

Introduction

1. Southampton City Council undertook public consultation on proposals for voluntary sector funding from April 2017 between 2 December 2016 and 24 February 2017. For the purpose of this document the term 'voluntary sector' is used to embrace voluntary and community organisations, faith organisations, charities and social enterprises.

2. The Council is mindful of the need to consult with organisations and individuals who may potentially be impacted by any changes to its voluntary sector funding programme, particularly changes to grants. Guided by the Southampton Compact and the Best Value Statutory Guidance, the Council has offered an online survey, public meetings, one-to-one meetings (for current grant recipients directly impacted by the proposals) and support by phone and email for raising queries and concerns.

3. Equality and Safety Impact Assessments (ESIAs) have been undertaken for all current grant recipients directly impacted by the proposals and the affected organisations have had the opportunity to comment on their ESIA. These ESIAs have been collated into a cumulative impact assessment which will be submitted alongside this report.

4. The proposals for voluntary sector funding were agreed by Cabinet on 19 October 2016. Cabinet also agreed that the proposals should be consulted with key stakeholders and the public before the final decision is taken and that the final decision was delegated to the Chief Strategy Officer in consultation with the Leader of the Council.

Aims

5. The Council has limited resources and needs to ensure it makes the best use of them. The aim of this consultation was to:
   - Ensure voluntary sector organisations and residents understand what is being proposed for future funding of the voluntary sector and are aware of what this will mean for them
   - Ensure any voluntary sector organisation or resident who wished to comment on the proposals had the opportunity to do so, enabling them to raise any impacts the proposals may have
   - Provide feedback on the results of the consultation to elected Members and key officers to enable them to make informed decisions
   - Ensure that the results are analysed in a meaningful, timely fashion, so that feedback is taken into account when the final decision is made.

6. This report summarises the processes and activities undertaken by the Council to achieve these aims and includes a summary of the consultation responses both for the consideration of decision makers and any interested individual or organisation.

Consultation Principles

7. The Council takes its duty to consult with residents and stakeholders on changes to services very seriously. The Council's consultation principles ensure all consultation is:
   - Inclusive: so that everyone in the city has the opportunity to express their views.
   - Informative: so that people have adequate information about the proposals, what different options mean, and a balanced and fair explanation of the potential impact, particularly the equality and safety impact.
   - Understandable: by ensuring that the language used to communicate is simple and clear and that efforts are made to reach all stakeholders, for example people who are non-English speakers or disabled people.
   - Appropriate: by targeting people who are more likely to be affected and using a more tailored approach to get their feedback, complemented by a general approach to all residents, staff, business and partners
   - Meaningful: by ensuring decision makers have the full consultation feedback information so that they can make informed decisions
   - Reported: by letting consultees know what was done with their feedback

8. The Council is committed to consultations of the highest standard, which are meaningful and comply with the following legal standards:
   - Consultation must take place when the proposal is still at a formative stage
   - Sufficient reasons must be put forward for the proposal to allow for intelligent consideration and response
   - Adequate time must be given for consideration and response
   - The product of consultation must be carefully taken into account.

9. Public sector organisations in Southampton have a compact (or agreement) with the voluntary sector in which there is a commitment to undertake public consultations for a minimum of 12 weeks wherever possible. This is echoed by the Department for Communities and Local Government (DCLG) Best Value Statutory Guidance. Both aim to ensure that there is enough time for individuals and voluntary organisations to hear about, consider and respond to consultations. This consultation was for a total of 12 weeks.

Approach and methodology

10. The consultation on the voluntary sector funding proposals sought views from voluntary sector organisations directly impacted by the proposals, voluntary sector organisations who may be indirectly impacted by the proposals or have an interest in them, residents and other interested parties. The formal written consultation ran from 2 December 2016 to 24 February 2017 to enable as many people as possible to respond to the proposals.

11. Deciding on the best process for gathering feedback from stakeholders when conducting a consultation requires an understanding of the audience and the users of the service. It is also important to have more than one way for stakeholders to feedback on the consultation, to enable engagement with the widest range of people.

12. The agreed approach for this consultation was to use a combination of online survey, public meetings and one-to-one meetings. This approach enables people to respond in a formal

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structured way or a more informal conversational way (or both), whichever best suits them. It is therefore a suitable way for consulting on proposals where the impacts could be very different from organisation to organisation and from organisation to individual.

13. In addition to the main survey and meetings, a general response email and postal address was also advertised. This was to enable respondents who, for whatever reason, would not wish to use the online survey or attend a meeting.

14. The Council consulted with Southampton Voluntary Services (SVS), as the local council for voluntary service, about the consultation arrangements to ensure they were appropriate and proportionate and met the standards agreed in the Southampton Compact. SVS's suggestions were incorporated into the arrangements.

Promotion and communication

15. Throughout the consultation, every effort was made to ensure that as many people as possible were aware of the proposals and had the opportunity to have their say. Particular effort was made to communicate the proposals to current grant recipients that would be directly impacted by the proposals. This was achieved by targeting communications directly to affected grant recipients and having a period of priority booking for the public meetings.

16. The consultation was promoted in the following ways:
   - Emails were sent directly to affected grant recipients
   - E-alerts were sent to subscribers to the council's email marketing service for community news and events
   - Emails were sent to subscribers of the council's funding mailing list
   - The council's Southampton Funding Twitter and Southampton Communities Twitter and Facebook accounts and were used to signpost people to the online survey and to advertise the public meetings
   - Southampton Voluntary Services advertised the online survey via its e-newsletter, Friday Forum meeting and Twitter account
   - The online survey was available on the council website for any interested parties to respond to.
   - Two public meetings were held at the Voluntary Action Centre, co-hosted by Southampton Voluntary Services who jointly facilitated the meetings.
   - Current grant recipients who could be directly impacted by the proposals were offered the opportunity to have one-to-one meetings with representatives of the council to discuss the proposals.

Consultation respondents

17. In total there were 84 respondents (53 organisations, 3 networks and 28 individuals) to the consultation on the voluntary sector funding proposals either through the online survey, public meetings, one-to-one meetings or a general email or comment. Some organisations responded through more than one consultation route. While all feedback has been included, individual organisations have only been counted once in the total number of respondents. A

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list of the organisations who responded to the consultation is available at the end of this report.

18. The online survey was available on the Council's website for any organisation or individual to respond to. It received 47 responses – 19 stated they were responding on behalf of an organisation and 28 stated they were responding as individuals. Respondents were asked to what extent they agreed or disagreed with the proposals and if they had any comments on the proposals or alternative suggestions.

19. The public meetings had 35 attendees (all representing organisations). Attendees were given a short presentation on the proposals and were then asked to work together in small groups on a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the proposals. Groups were left to choose which of the proposals they analysed, though most analysed all of them. Groups were asked to feedback their top comments to the other groups and their written SWOT analyses were distributed to all attendees after the meeting. Attendees also had the opportunity to ask direct questions about the proposals.

20. These meetings were open to anyone who wanted to attend. Attendees were asked to book a place at a meeting as space as limited, and everyone who wanted to attend was accommodated. A third meeting was also planned, to be held in the evening. This was later cancelled due to low numbers. Of the three organisations who were booked to attend the evening meeting, one attended one of the other public meetings, one chose to have a one-to-one meeting instead and the third decided it did not need to attend a meeting at the current time, but has an open offer of a meeting later in the year should they want one.

21. For the one to one meetings 25 out of the 34 eligible organisations (74%) took up the offer. These meetings were informal conversations, providing directly affected organisations the opportunity to ask questions specific to their organisation and to discuss the potential impacts of the proposals. Comments made at the meetings about the proposals have been included in this report. The discussions about impacts have informed each organisation's Equality and Safety Impact Assessment, which in turn has informed the cumulative impact assessment submitted alongside this consultation report.

22. Responses to the consultation were also accepted via email and 9 respondents choose to submit comments this way, including 3 networks who are made up of or work closely with voluntary sector organisations.

23. The comments and feedback from all the consultation routes have been collated and analysed for this report. For each proposal the online survey has been used as a starting point, as it provides clear data on the extent to which respondents agree or disagree with the proposals. This is followed by an analysis of the comments and feedback for each proposal received through all consultation routes.

4

Consultation responses

Proposed approach to awarding funding - responses

24. The Council is proposing to change the criteria for when it will offer grants and when it will offer contracts. If implemented, the proposals will mean that grants are more likely to be used for small, community funding and short-term one-off projects, whereas longer-term funding for services is more likely to be offered as contracts. The most appropriate funding route will be decided during the commissioning process.

25. Figure 1 shows the extent to which respondents to the online survey agree or disagree with the proposal.
    - 55% of the respondents who completed this question answered in the positive, stating they agreed or strongly agreed with the proposal
    - 15% of the respondents who completed this question answered by stating they are neutral about the proposal
    - The remaining 30% of the respondents who completed this question answered in the negative, stating that they either disagreed or strongly disagreed with the proposal.
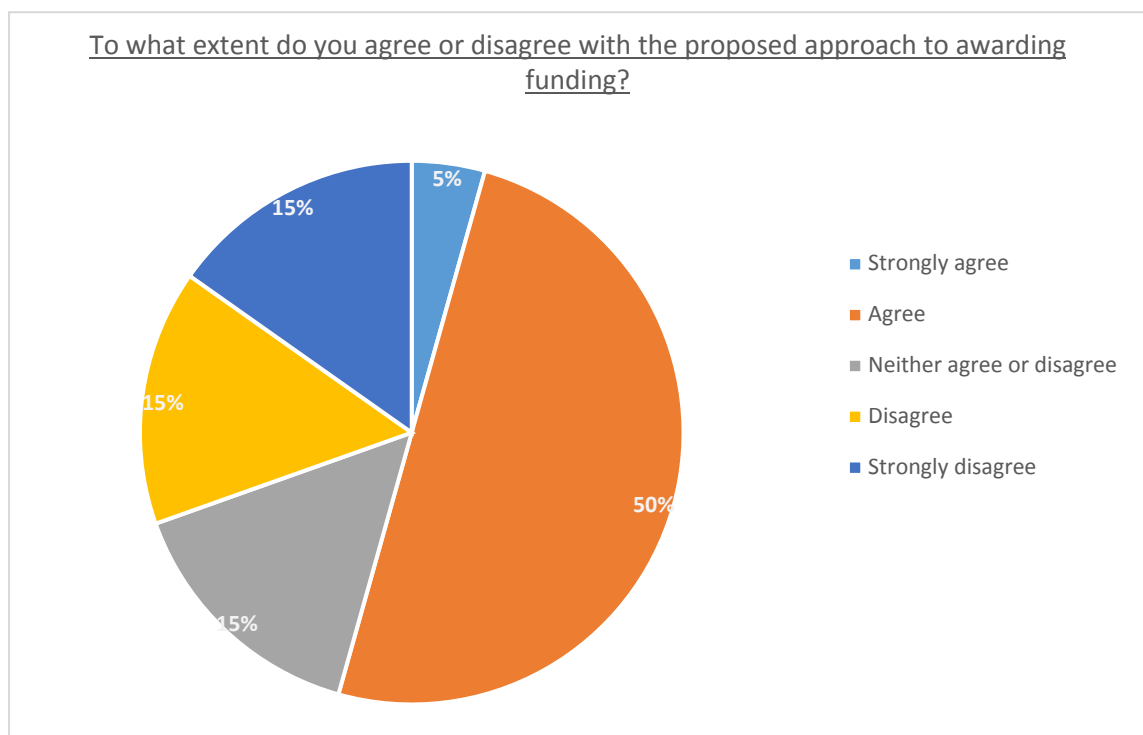

Figure 1

26. From the comments received through all consultation routes, this proposal raised more issues with the proposal than the data from online survey suggests. Just over 7% of comments were broadly supportive of the proposal to use contracts for longer-term funding rather than grants. The main reasons given were that the respondent felt it would not make any difference for their organisation, it seemed reasonable as long as there are still small grants available, and it could provide opportunities for both voluntary sector organisations and the council.

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27. The remaining comments raised a number of issues, with the top issues being:

- 52% of comments related to the respondent having a negative opinion of contracts or having an opinion that grants are better for voluntary sector organisations

- 17% of comments raised concerns about the impact on smaller organisations, particularly about skills and capacity for bidding for contracts. There was also concern about it being an unequal playing field for smaller organisations as it is felt that contracts favour larger organisations.

- Around 18% of comments were about long term "core" grant funding for voluntary sector organisations (jointly split between 9% of comments on long term funding and 9% of comments on core funding). Respondents felt that voluntary sector organisations need long term funding and core funding to provide a stable base for the organisation. Also many voluntary sector organisations work holistically with clients who have several issues and it is not clear how this cross-cutting work would be funded if contracts are awarded for specific workstreams.

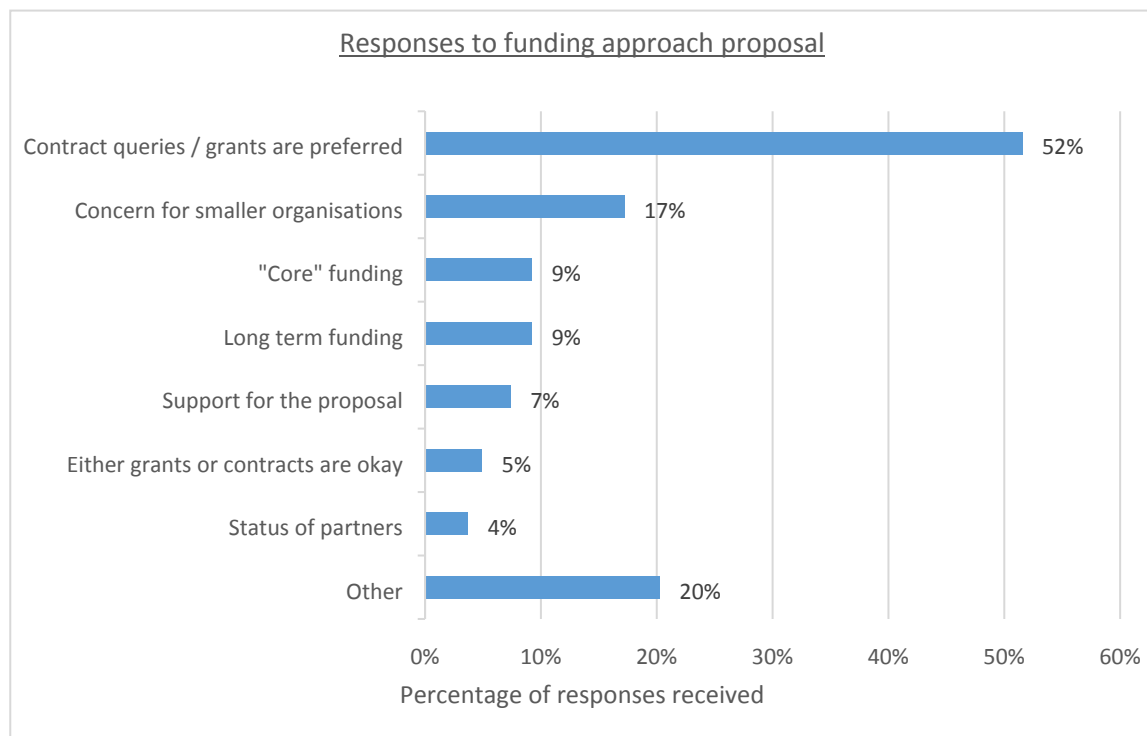Figure 2 shows the breakdown of comments about the proposal.

Figure 2

28. Figure 3 shows the issues raised in the 'contract queries / grants are preferred' category in more detail. Within this category the main issue raised was concern about procurement processes. Responses included concerns that contracts are more time consuming, more expensive to administer (for both voluntary sector organisations and the council) and riskier. It was felt this would have a negative impact for voluntary sector organisations, particularly smaller organisations, and that grants are better for providing support to voluntary sector organisations. Concerns were also raised about contracts being open to more competition than grants, particularly from larger organisations from outside of the city.
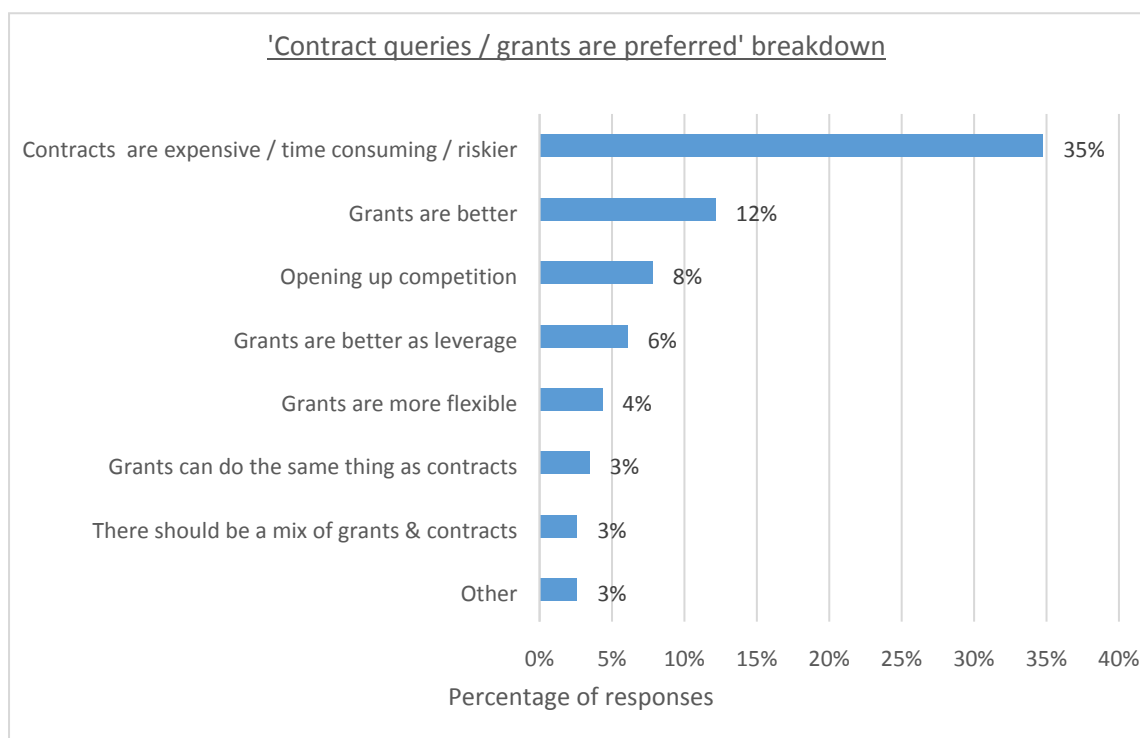
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Figure 3

29. Overall the response to this proposal was wide ranging, with concerns about the impact. Examples of comments received include:

    "We recognise the council's ability to fund or prioritise discretionary services will continue to be severely jeopardised for some years to come, and whilst the proposals will cause significant difficulties for the entire sector we see these proposals as pragmatic, and the best way forward, given the circumstances."

    "Grants are better understood by smaller voluntary groups and generally allow greater flexibility and innovation by the voluntary sector than contracts which are often disproportionately complex in their tendering processes and requirements. They tend to favour larger organisations with bid writing expertise and scale."

    "I appreciate that Contract funding could be appropriate for large contracts, however, smaller charities need the stability of some basic grant funding to enable them to deliver a consistent service."

Proposed new criteria for grant funding - responses

30. The Council is proposing to introduce two new criteria for grants. It is aiming to encourage collaborative approaches to funding which it hopes will see more services delivered in partnership. It is also minded to give priority to organisations which actively use council funding to draw in match funding from other sources.

31. Figure 4 shows the extent to which respondents to the online survey agree or disagree with this proposal.

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- 58% of the respondents who completed this question answered in the positive, stating they agreed or strongly agreed with the proposal
- 20% of the respondents who completed this question answered by stating they are neutral about the proposal
- The remaining 22% of the respondents who completed this question answered in the negative, stating that they either disagreed or strongly disagreed with the proposal.
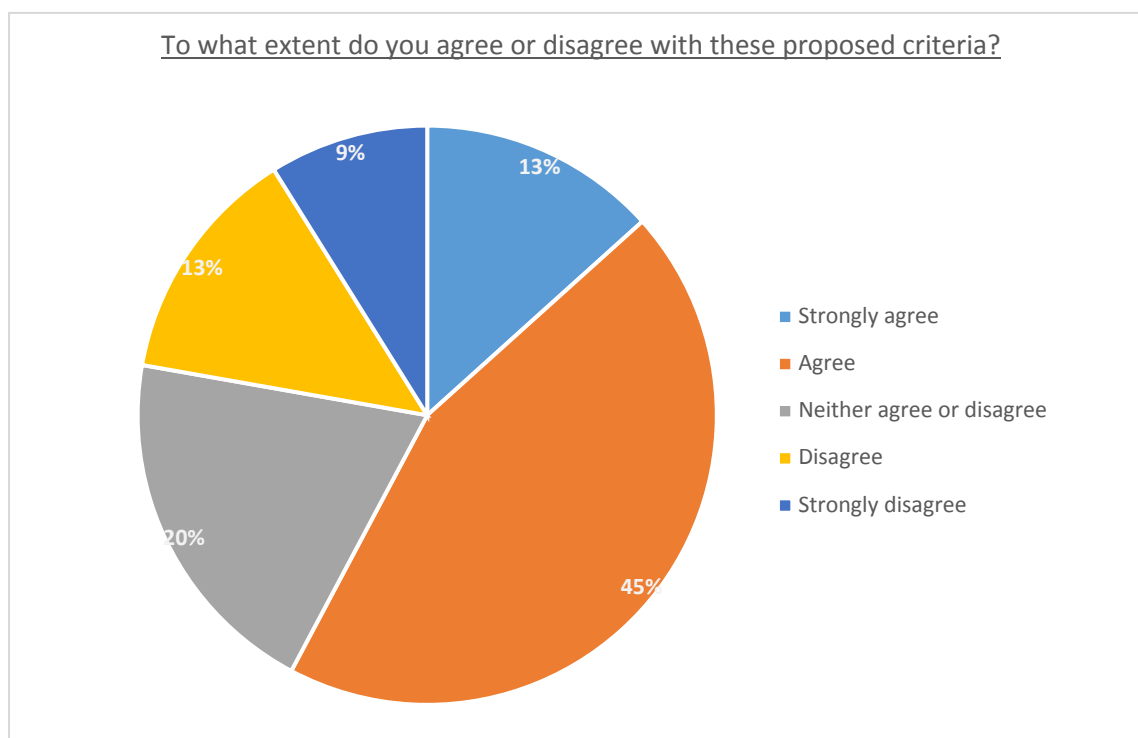

Figure 4

32. Figure 5 shows a breakdown of the responses received about the collaborative approaches proposal. There was overall support in principle for collaborative working in general with 34% of responses agreeing that it should be included or that informal collaborative working is already normal working practice for voluntary sector organisations. However, there was some query amongst respondents as to the council's definition of 'collaborative' working and whether this would include formal or informal partnerships. For the purposes of this document, formal and informal collaborative working are defined as:

- Formal – where organisations are working together in formal relationships (i.e. have a written agreement that outlines how they will work together) to jointly deliver services and jointly bid for funding
- Informal – where organisations work together in informal alliances and networks, delivering services together on an ad hoc basis.

The majority of responses received were in relation to formal collaborative working.
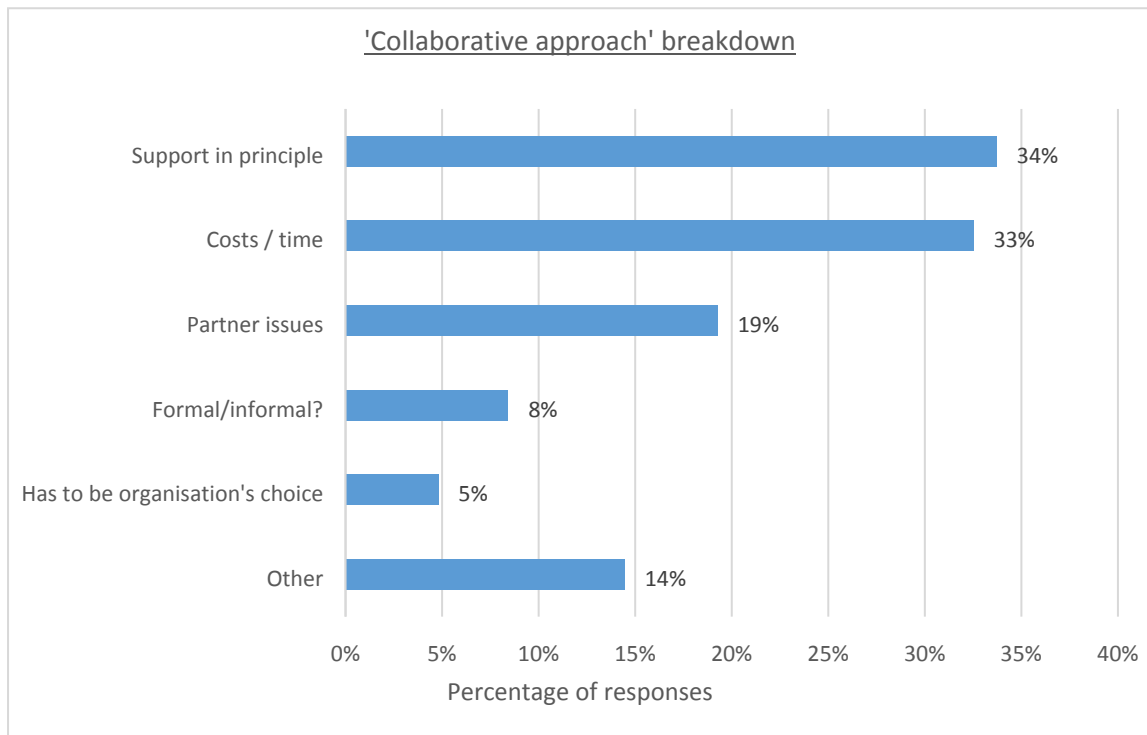
8

Figure 5

33. There were concerns about a move towards formal collaborative working, even amongst organisations that are broadly supportive of collaborative working in principle. The resources needed to develop successful partnerships were cited as a potential barrier to formal collaborative working. Successful partnerships require skill and time to develop. Costs were also cited as a potential barrier, including the cost of staff time to develop the partnership and additional costs for lead partners to manage contracts.

34. A number of potential issues with partners were also identified, including finding partners, managing the relationship and the challenges that unequal partnerships bring, such as between organisations which are not at the same level in key areas like monitoring and measuring impact.
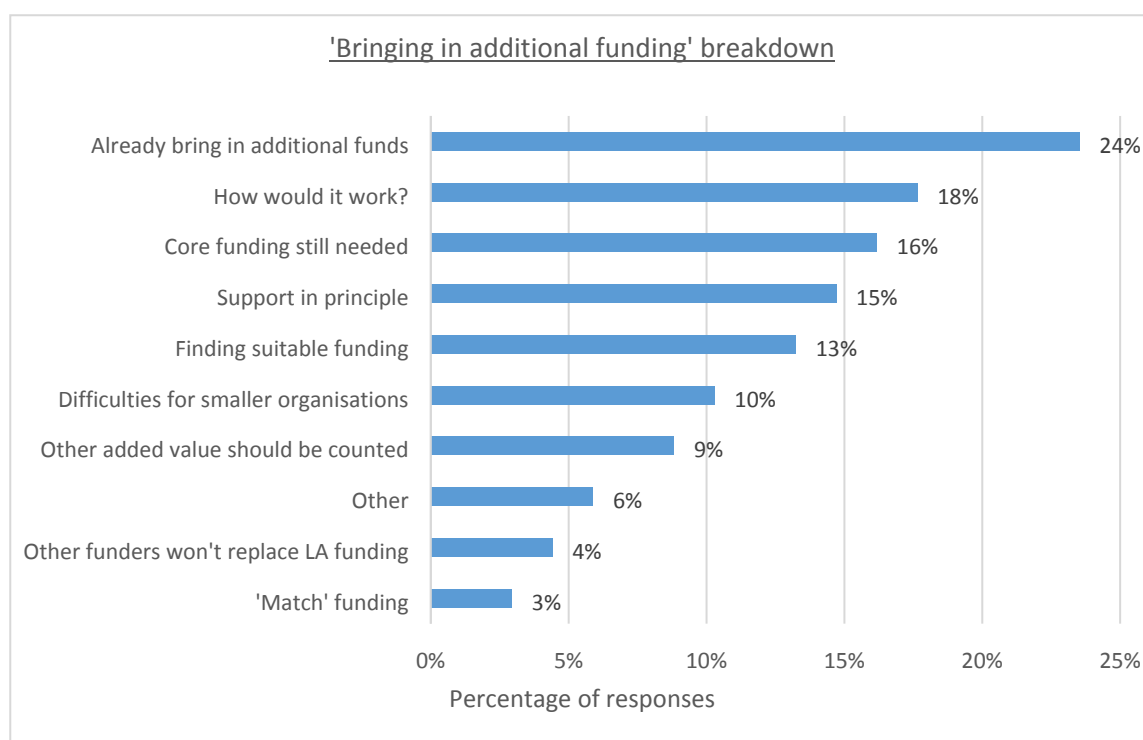
Figure 6

35. Figure 6 shows a breakdown of the responses to the proposal to prioritise applications which actively use council funding to draw in match funding. There was broad support in principle for bringing in additional funding, with many voluntary sector organisations seeing it as business as usual. However, some respondents were unclear how the Council would implement the criteria in order to prioritise applications that bring in additional funding. Queries include whether this would be based on past or future income, how it would be measured and whether there would be any penalties for not achieving future funding targets. Respondents also felt that other added value, particularly volunteer time, should also be considered as 'match' funding.

36. Some respondents felt the changes to core funding would make it harder for voluntary sector organisations to bring in additional funding, as the core funding provides a stable base for them to start from. It was felt this was particularly the case for smaller organisations, and that removing core grant funding and adding criteria to bring in additional funding could put pressure on smaller organisations.

37. Overall the response to the proposed new criteria was supportive in principle, depending on how the council implements them. Examples of the responses received include:

"We are also keen to collaborate with other third sector organisations. However, sub-contracting arrangements can be convoluted and time consuming especially for smaller charities, so while I can see that it may be beneficial for the Council, it may result in an additional burden for those trying to access the funds locally."

"Extra funding - good idea, but I'm wary of "match-funding" being specified, rather than simply encouraging additional funding (which may or may not be "match-funding") from outside the city."

10

Community Chest proposals for increased budget and criteria - responses

38. The Council made two proposals about its small grant scheme, Community Chest – to increase the budget and to amend the criteria .

39. Figure 7 shows the extent to which respondents to the online survey agree or disagree with the proposal to increase the Community Chest budget.
    • 79% of the respondents who completed this question answered in the positive, stating they agreed or strongly agreed with the proposal
    • 9% of the respondents who completed this question answered by stating they are neutral about the proposal
    • The remaining 12% of the respondents who completed this question answered in the negative, stating that they either disagreed or strongly disagreed with the proposal.
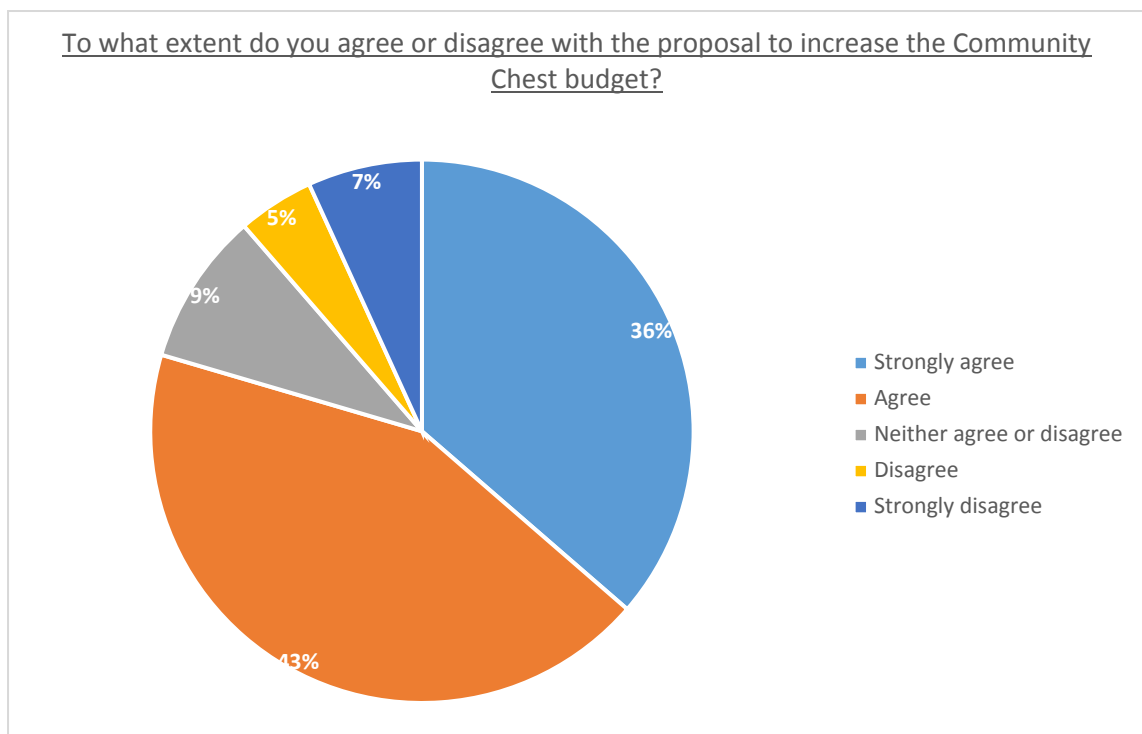
Figure 7

40. Figure 8 shows the extent to which respondents to the online survey agree or disagree with the proposal for the Community Chest criteria to remain the same.
    • 64% of the respondents who completed this question answered in the positive, stating they agreed or strongly agreed with the proposal
    • 23% of the respondents who completed this question answered by stating they are neutral about the proposal
    • The remaining 13% of the respondents who completed this question answered in the negative, stating that they either disagreed or strongly disagreed with the proposal.
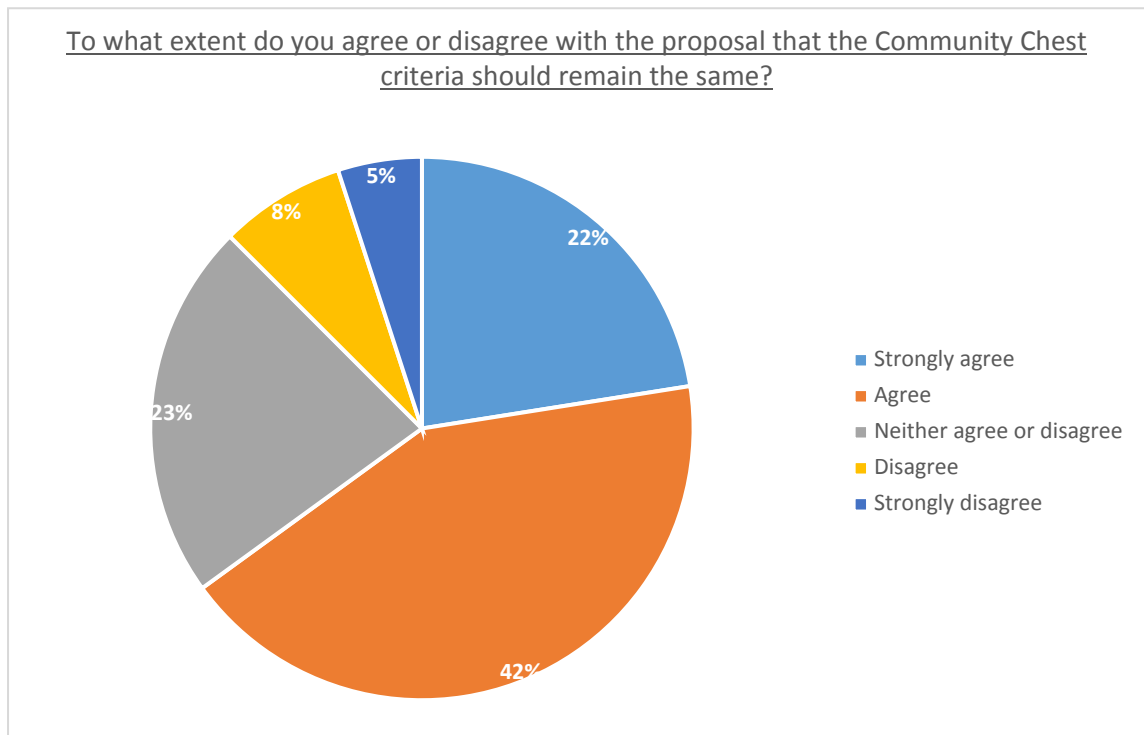
11

To what extent do you agree or disagree with the proposal that the Community Chest criteria should remain the same?

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

Figure 8

41. Figure 9 shows a breakdown of the responses received about both Community Chest proposals. The comments received frequently combined the two Community Chest proposals and therefore the comments have been analysed together. While the online survey was very supportive of these proposals, the responses received overall were more mixed. Some responses queried whether increasing the amount of direct funding is the best way to support small community groups. An alternative suggestion was for the Council to fund more community development work to support communities to support themselves.

'Community Chest' breakdown

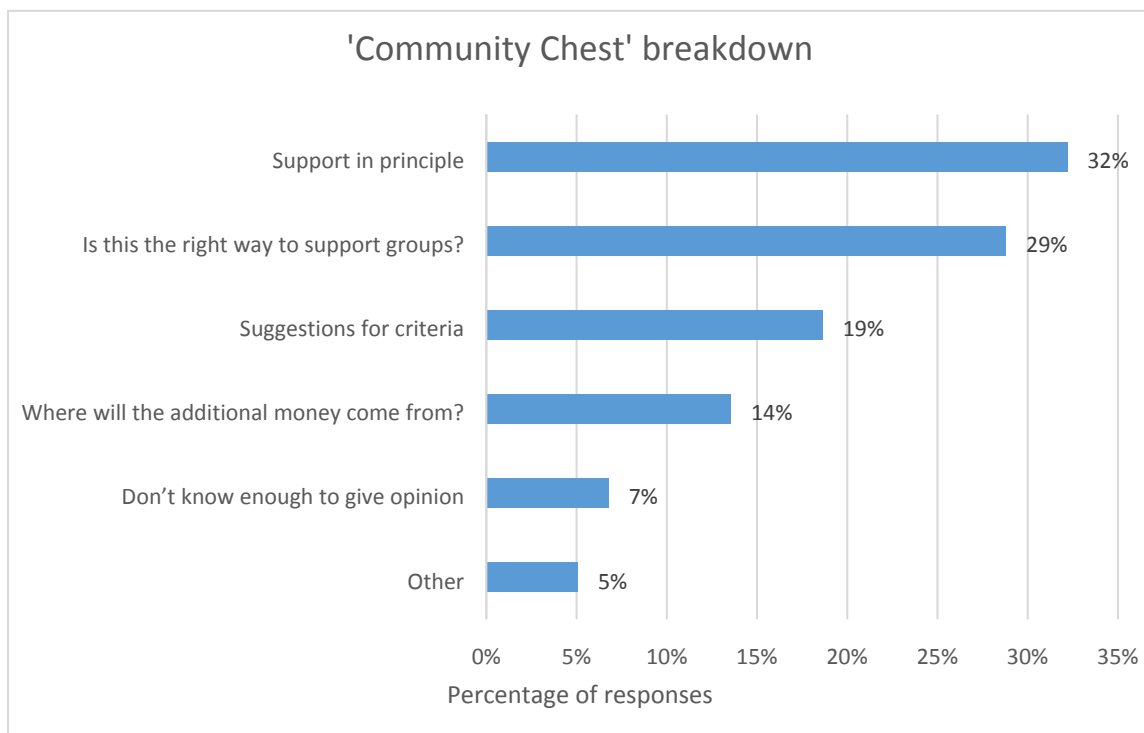|	Percentage of responses
Support in principle	32%
Is this the right way to support groups?	29%
Suggestions for criteria	19%
Where will the additional money come from?	14%
Don't know enough to give opinion	7%
Other	5%

Figure 9

12

42. Some responses also made suggestions for the Community Chest criteria, including:
   - Start-up funding for new organisations, potentially linked to capacity building and developing good governance practices (the current grant already focuses on this)
   - Emergency funding for organisations in crisis
   - Review the length of grant and applications every year (the current grant must be spent within 1 calendar year and successful applicants cannot apply again the following year)
   - Review the criteria for faith organisations (faith organisations are welcome to apply for funding for community projects, but the current grant does not fund religious activities).

43. Overall there was broad support for increasing the Community Chest budget and the criteria to remain largely the same. Examples of responses received include:

   "Think this is a very good idea. Smaller organisations are also likely to get the funding they need which they may not be able to get from bigger grant companies. It fosters local community growth and has been proven to be a success."

   "This could encourage a less innovative approach from groups to look first to SCC funds rather than think more creatively about how they could do their own fundraising activities or make small charges from participants to ensure their ongoing sustainability. There is though recognition that sometimes an initial seed grant for a newly forming group in their first year of operation can be very useful – especially if linked to further capacity building support – as can some one-off grants to deal with unavoidable / unanticipated calamities."

Proposal to increase investment for participatory budgeting and extend to new areas of the city - responses

44. The Council proposes to increase investment for participatory budgeting and expand it to the new areas of the city – Northam/Golden Grove and Millbrook/Redbridge/Maybush/Coxford.

45. Figure 10 shows the extent to which respondents to the online survey agree or disagree with the proposal for participatory budgeting proposals.
   - 47% of the respondents who completed this question answered in the positive, stating they agreed or strongly agreed with the proposal
   - 23% of the respondents who completed this question answered by stating they are neutral about the proposal
   - The remaining 30% of the respondents who completed this question answered in the negative, stating that they either disagreed or strongly disagreed with the proposal.
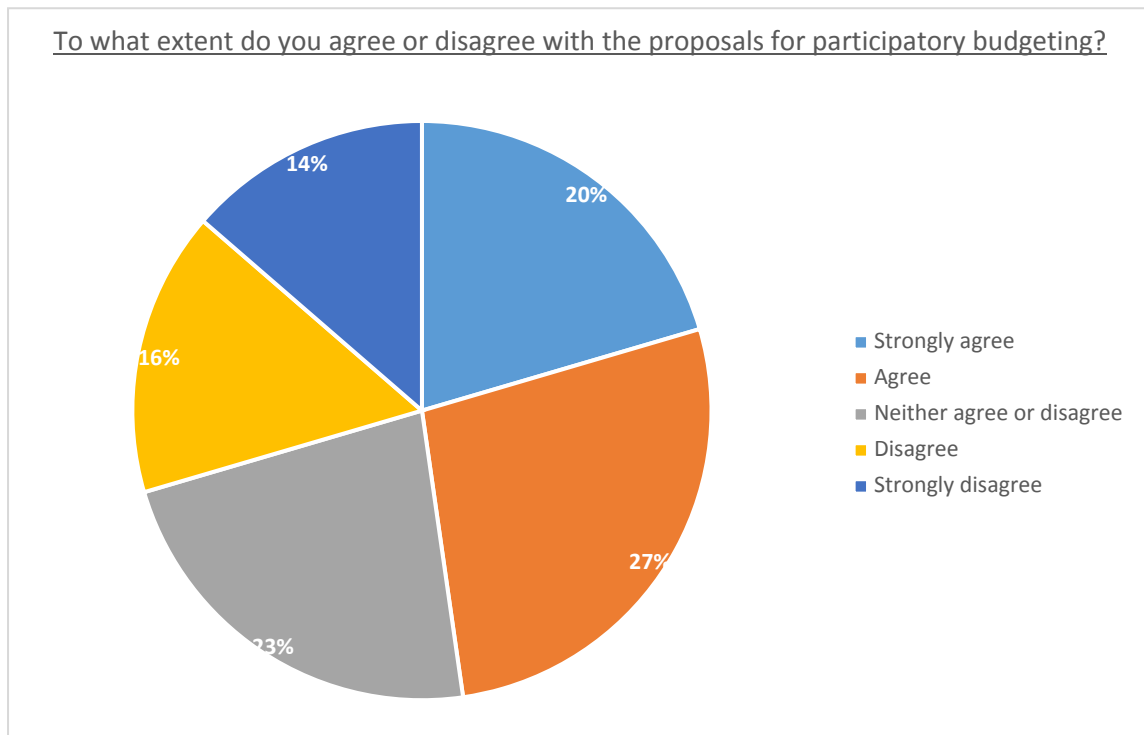
13

To what extent do you agree or disagree with the proposals for participatory budgeting?

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

Figure 10

46. Figure 11 shows the breakdown of responses about the proposals for an expanded participatory budgeting programme. In general, there was support for the principle of involving communities in funding decisions, but many responses queried if the participatory budgeting model is the best way to do this. Some responses raised issues about the proposed areas, feeling that they were too large or too underdeveloped to successfully run a participatory budgeting grant scheme, suggesting that funding community development in those areas would be a better use of the money.
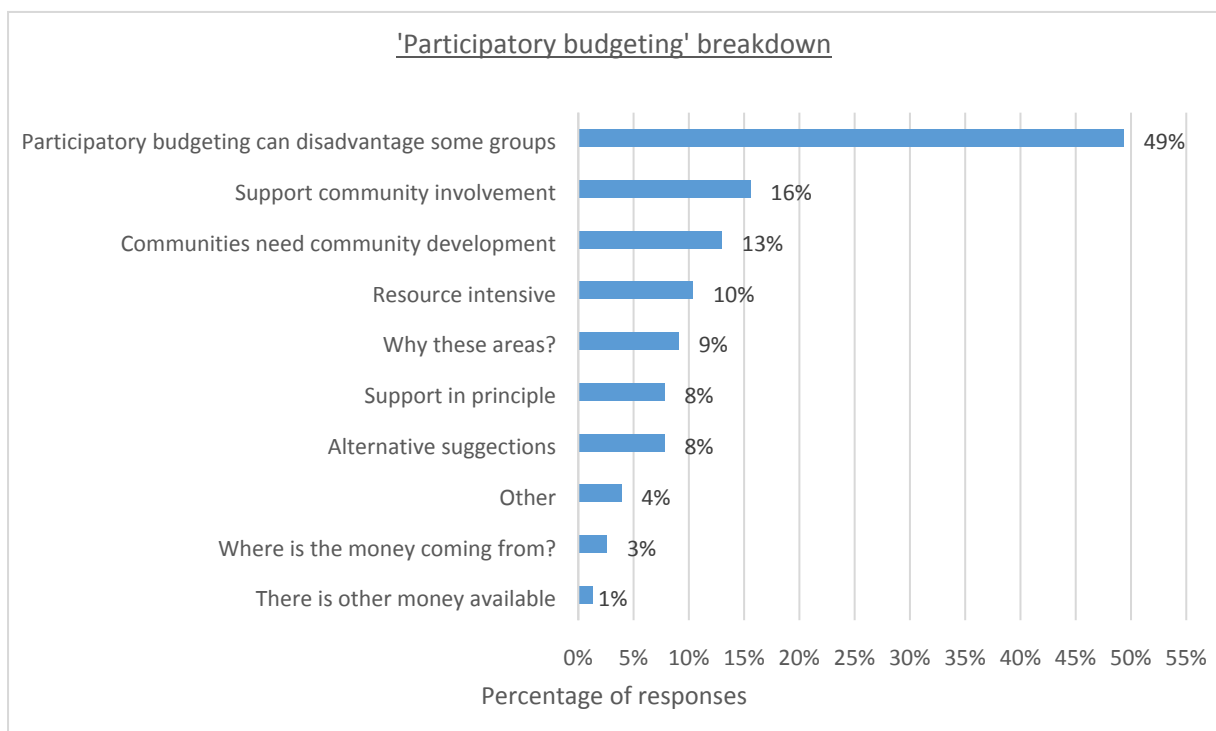

'Participatory budgeting' breakdown

	Percentage of responses
Participatory budgeting can disadvantage some groups	49%
Support community involvement	16%
Communities need community development	13%
Resource intensive	10%
Why these areas?	9%
Support in principle	8%
Alternative suggestions	8%
Other	4%
Where is the money coming from?	3%
There is other money available	1%

Figure 11

14

47. Nearly half of the comments received about the participatory budgeting proposal raised concerns that the model can disadvantage some groups. In particular, it was felt funding awarded this way often goes to more popular causes and less popular social action misses out. Responses also raised issues about the decisions being based on who turns up to the meeting rather than need or quality of applications. The feedback was that for the current Thornhill Healthy Community Grants the decision meeting is approximately 5 hours long and people must attend the whole meeting in order to vote. Some responses felt this is a barrier for some people, as not everyone has 5 hours to spare. Figure 12 shows a breakdown of the responses.
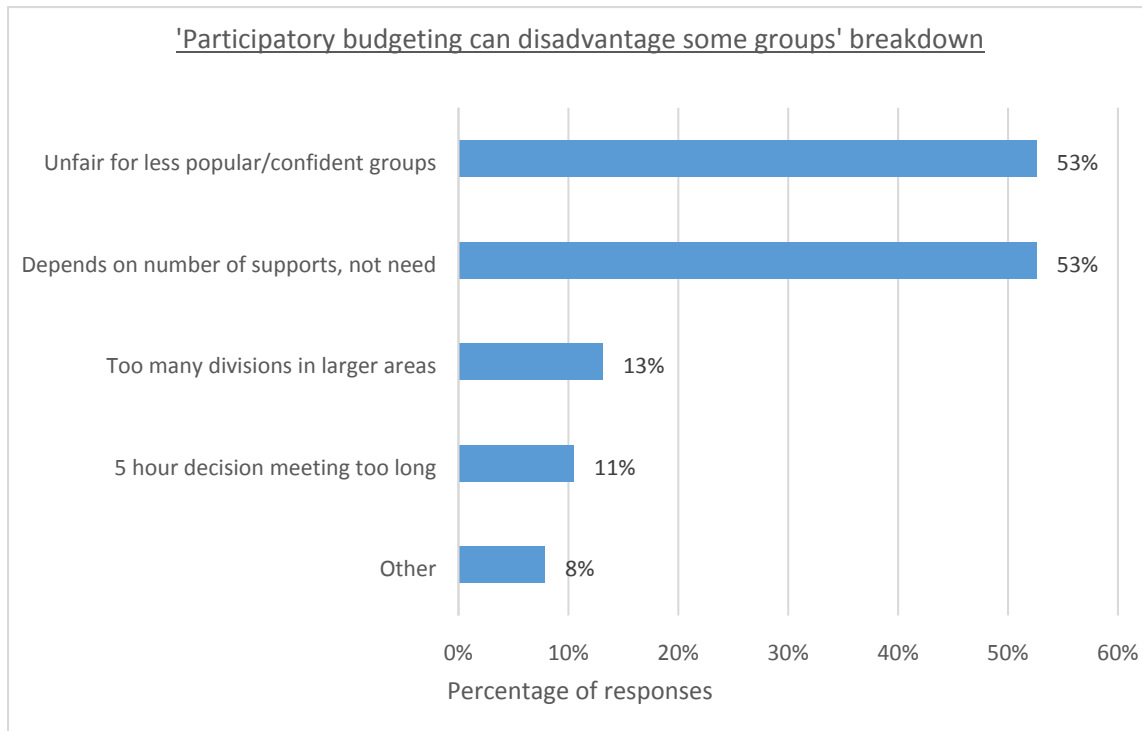

Figure 12

48. Alternative suggestions received include:
    - Expanding the voting options to include online and/or postal voting, allowing more people in the local community to take part.
    - Creating community panels which receive training to support their decision making, rather than having an open public vote.

49. Overall there is support for community involvement in funding decisions, but concerns about the participatory budgeting model being the best one to increase community action in the city. Examples of responses received are:

"It is really good in theory. However there will always be some social actions which require funding but which aren't particularly popular. Others like work with the elderly or with young children will always be more popular. Therefore is it fair to have a public vote? However a public vote does give the public ownership of the social action and its results."

"We agree with the principle. However there will need to be checks and balances to ensure that groups and causes which are not 'popular', but which are essential receive due

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consideration. Otherwise we run the risk of approving proposals that favour the majority (white, heterosexual male etc.) and all the marginalised causes and groups will only become further excluded in the future."

Further comments and alternative suggestions

50. Respondents across all consultation routes were asked for general comments and any alternative suggestions. The biggest issue raised was the desire for continued core grants funding and investment in the voluntary sector by the council, coupled with a concern that changes could result in a loss of skills, knowledge and experience if voluntary sector organisations lose core grant funding. Figure 13 shows a breakdown of these comments.
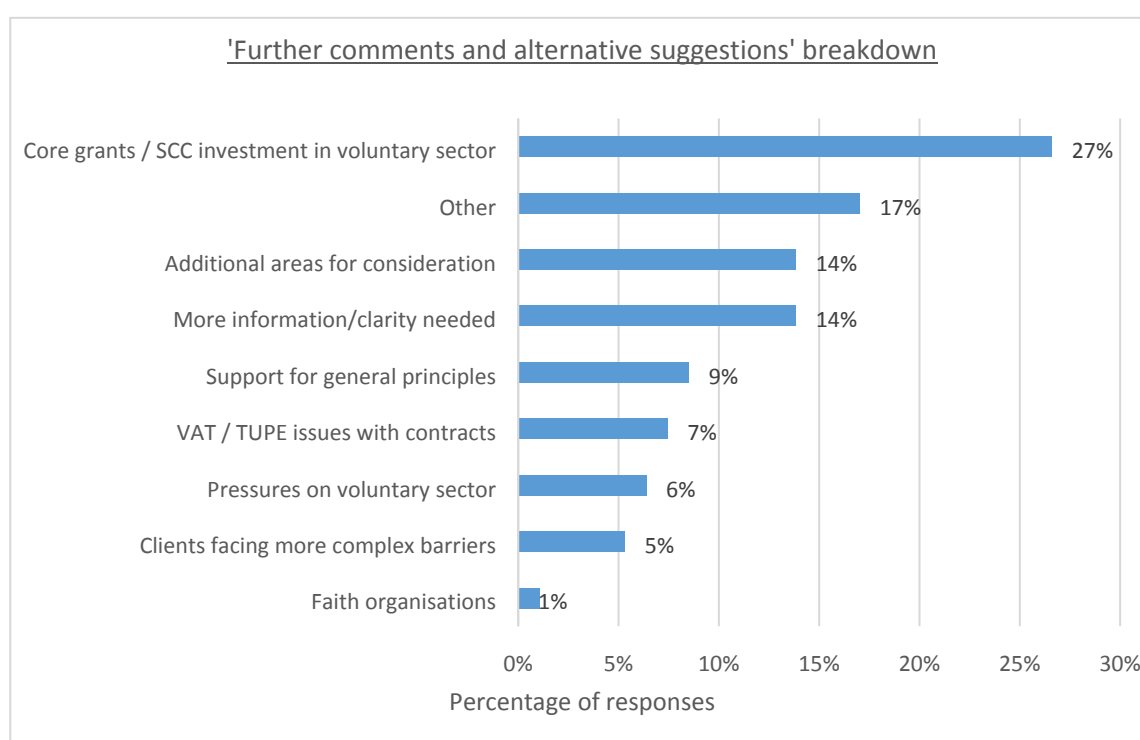

Figure 13

51. The suggested additional areas for consideration were:
   - Voluntary sector organisations are seeing an increase in safeguarding queries from people who don't know how to (or don't want to) report them to the Council.
   - Quality standards in advice services are very important – bad advice is worse than no advice.
   - Voluntary sector organisations collect a lot of data and statistics and could contribute more evidence of their impact than they are currently being asked for.
   - Voluntary sector organisations are looking at different ways they can support people, such as online videos with basic information to help people help themselves.
   - It would be helpful to have training / workshops, in plain English, to help smaller organisations with the changes.
   - Before making judgment calls the local authority needs to see what's there already, otherwise the city could lose important activities and organisations in the shake-up.

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- Voluntary sector organisations cascade information to local communities that wouldn't otherwise engage with the council on their own.
- There are communities of interest as well as geographical communities in the city. Not convinced spending based on where you live always includes all needs.
- Keep it fair and people / groups should be accountable to any funds awarded.
- There are still many opportunities for improved joint working between the Council and the voluntary groups and closer working with community groups would perhaps help, but often there is little capacity within the Council to spend time getting to know the groups. This has a knock on effect when it comes to funding.
- A separate, modest, pot for cultural organisations to bid to could / should be made available. Not necessarily as direct grant funding for core costs but a pot of match funding.
- Consider reviewing existing services with a view to placing more out to tender.

Conclusion

52. The consultation sought views on the proposals for voluntary sector funding opportunities from the council in the future. The consultation engaged with a range of individuals and organisations through a variety of methods to allow residents and organisations across the city to provide their views and elicit a full discussion on the proposals to enable the council to make a final decision.

53. Overall there was a good level of engagement with the consultation. In total there were 47 responses to the online survey, 35 attendees at the open public meetings, 25 face to face meetings with individual organisations and 9 written submissions via email. This included feedback from 33 of the 34 current grant recipients that are directly affected by the proposals. In the last significant grants consultation in 2012 only 10 of the existing grant recipients engaged in the consultation, therefore the level of engagement in this consultation was a significant improvement. In total 544 comments were received and analysed.

54. A breakdown of the 53 organisations that responded to the consultation has shown that 58.5% are local organisations (i.e. primarily working and based in Southampton), 30% are regional organisations and the remaining 9.5% are national organisations. The ways organisations responded was split between 36% via the online survey, 23% via public meetings and 41% via one-to-one meetings or email submissions. Individuals only responded to the consultation via the survey. The split of the 544 comments received was 32% online survey, 32% public meetings and 36% one-to-one meetings and email submissions.

Organisations that responded to the consultation	
a space arts	SoCo Music Project
Action on Hearing Loss	Solent Credit Union
Age UK Southampton	Southampton Advice and Representation Centre
Art Asia Trust Ltd	Southampton Children's Play Association
Aurora New Dawn	Southampton Community Family Trust
Avenue St Andrew's and Freemantle United Reformed Churches	Southampton Mencap
Breakout Youth	Southampton Nuffield Theatre Trust
Citizens Advice Southampton	Southampton Street Pastors
City Eye	Southampton Voluntary Services
City Reach Youth Project	Southampton Voluntary Services Shopmobility
CLEAR	Spectrum Centre for Independent Living
Communicare in Southampton	St. Denys Activity Group
Community Playlink	Stroke Association
Cultural Balance	THAWN
EU Welcome	The Avenue Centre
Frontline Debt Advice	The Blue Lamp Trust
Jubilee Sailing Trust	The Environment Centre
No Limits	The Prince's Trust
Oaklands Pool	The Society of St James
QE2 Activity Centre	The Waterfall Trust
Rainbow Project	TWICS (Training for Work in Communities)
Relate Solent and Winchester	Weston Adventure Playground
SAFE - Southampton Action for Employment	Weston Church Youth Project
Saints Foundation	Wheatsheaf Trust
SCM Basics Bank	Workers Educational Association (Southern Region)
SCRATCH	Youth Options
Social Enterprise Link	

55. In response to the consultation feedback the Council has revised the draft proposals. The main changes are:

- To undertake mitigating actions to ensure voluntary sector organisations are not disadvantaged in any commissioning process, including an emphasis of the need to demonstrate local knowledge, a programme of training to support their ability to respond to tenders.
- To provide clarity about how collaboration and match funding will be assessed.
- The Council will encourage ideas for delivering the Council's commitment for Participatory Budgeting across the city and that this will be included in the specification for commissioning the new community development model.

This consultation has ensured compliance with local and government standards and the Southampton Compact. This report outlines the full picture of the consultation results and will be used to inform decision makers. In conclusion, this report will enable the Chief Strategy Officer to make an informed decision.

SOUTHAMPTON
CITY COUNCIL

Appendix 1a

Grants Consultation document

This document provides the information contained in the online survey. As copy of this was provided to current grant recipients and attendees at the public meetings. It was also available on request.

Introduction

Southampton City Council invests over £20 million per year in the voluntary sector of which £2.4M is awarded in grants and £18.6M is awarded in contracts. This is approximately 11% of the total council budget for 2016/17 and demonstrates the council's commitment to investing in the voluntary organisations.

For the purpose of this document the term 'voluntary sector' is used to embrace voluntary and community organisations, faith organisations, charities and social enterprises.

The council has limited resources and needs to ensure it makes the best use of them. It is transforming the way it works, to achieve the best outcome for residents through better services at less cost. The council recognises the significant value the voluntary sector and volunteering brings to the city and the way it can help the council transform, particularly through prevention and early intervention work.

Over the past year the council has conducted an overarching review to identify the best way to utilise this investment to ensure it contributes directly to the council's priority outcomes.

The current priority outcomes are:
- Southampton has strong sustainable economic growth
- Children and young people get a good start in life
- People in Southampton live safe, healthy, independent lives
- Southampton is an modern, attractive city where people are proud to live and work

The review led to proposals for a strategic approach to voluntary sector investment being considered and agreed by the council's Cabinet on 19 October 2016, across two reports. If you would like to read the two reports in full they are available on our website: http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=126&MId=3281&Ver=4
- Implementing a unified approach to the Council's investment in the Voluntary Sector (agenda item 9)
- The City Council's approach to Community Development (agenda item 10)

As there is a direct impact on voluntary sector agencies, particularly in relation to grant aided organisations, the council is starting a 12 week consultation period and the consultation is being undertaken in two ways:

1. A public consultation exercise comprising of an online questionnaire and consultation meetings.
2. Individual consultation with grant aided organisations currently in receipt of three year grant funding who may be impacted by the proposals. This will be done by email, face to face meetings with individual organisations (if requested) and priority booking for the consultation meetings.

The council is mindful of the Southampton Compact and the Best Value Statutory Guidance and is committed to undertaking the consultation, and any transition from the current arrangements, within these agreements and guidelines.

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Proposed changes to grant funding

The review undertaken by the council showed the need to develop a different approach to funding arrangements.

Funding routes – grants or contracts

In the future it is proposed that the funding approach should be identified as part of each commissioning process, based on the type of service and the best way to achieve the priority outcomes. Where funding is for a specified service with clear outcomes and performance targets this would be more likely to be made through contractual arrangements. Under these proposals there is likely to be an increase in the proportion of funding awarded through contracts and a decrease in the amount awarded through grants.

The criteria we are considering are:

Contracts are more likely be used:	**Grants are more likely to be used:**
• when the council wants a specific service or project delivered on its behalf	• To pilot new projects or pump prime services for a time limited period
• for core services which are likely to be in place for some time (2 years or more)	• for small short term projects or community schemes

An example use of grants (for illustration only)

The council has been successful in getting some one-off funding to improve services for young people. It is looking for organisations to come up with innovative ideas which will not require long term funding from the council.

The funding is made available through a competitive grants process and a number of schemes are supported including purchasing equipment for a youth project, a training programme to increase awareness of mental health issues in schools and colleges and to increase counselling services for a time limited period to clear a waiting list.

21

An example use of contracts (for illustration only)

The council wants to achieve better outcomes for service users and has identified advocacy services as one of the ways to achieve this. This is likely to be in place for a number of years as it is a core service that should be available locally. It will need to meet legislative and best practice guidelines. There will be requirements regarding staff qualifications and training and performance requirements around waiting times and meeting service user requirements.

The commissioner will consider the funding route as part of the council's standard commissioning process, which includes engagement and consultation with a wide group of stakeholders and advice from the contracts and grants teams.

If implemented these proposals mean that although the council will still award grants, there will be changes to how this is done. Grants will be still be awarded through small grant schemes like Community Chest and in some situations, like the example above, but will not be the main route for funding services. There will no longer be a three year grants programme as currently exists.

To what extent do you agree or disagree with the proposed approach to awarding funding?

- Strongly Agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

Any comments about the proposed approach to awarding funding?

22

Proposed new criteria for grant funding

The council is considering two new grant criteria in addition to the council's Standard Grants Criteria (available on the grants page of our website). These proposed criteria would apply to all grants and contracts.

1 – Collaborative approaches

Many organisations already work collaboratively, either formally or informally and the council aims to encourage more of this and hopes to see more services delivered in partnership.

The benefits of a collaborative approach are:

- Shared resources
- Shared expertise
- Beneficiaries have access to greater variety of services without having to go to multiple organisations individually and explain their issue multiple times
- Improves services for beneficiaries, tackling issues more quickly
- Reduces the likelihood of duplicate services

The council is keen to encourage collaborative approaches between organisations and is minded to prioritise funding applications that reflect this approach.

2 – Bringing additional funding into the city

Many organisations already use their council funding to attract additional income from other sources such as the Big Lottery Fund, Arts Council England and other national and local organisations. The council wants to encourage organisations to actively use council funding to draw in match funding from other sources and are minded to prioritise organisations that can demonstrate this.

To what extent do you agree or disagree with these proposed criteria?

- Strongly Agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

Any comments about the criteria?

Proposal to increase Community Chest funding

The council's small grant scheme, Community Chest, has been running for many years providing grant funding for community groups and small voluntary organisations.   These small grants help communities to help themselves and support the council's ambition to place more emphasis on prevention and early intervention by building local support where people live.

Community groups have shown they can make a big difference in the city with small amounts of money, and so the council proposes to continue to offer small grants and to double the Community Chest budget to £100,000 per year from April 2017.

The current criteria for grant awards is attached for information (see Appendix 1) and the council are interested in your views on whether the criteria needs to be changed.

To what extent do you agree or disagree with the proposed increase to the community chest budget?

- Strongly Agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

Any comments about the community chest budget increase?

To what extent do you agree or disagree with the proposal to continue using the same community chest criteria?

- Strongly Agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

Any comments about the community chest criteria?

Proposal to increase investment for participatory budgeting and extend to new areas of the city

Participatory budgeting is an innovative approach that increases community involvement, enabling local residents to be directly engaged in setting priorities and deciding on which local services and projects receive funding.

In practice this means that the community considers bids against the budget and agrees which are supported. This is usually done by some form of vote at a community event, where applicants present their project proposals to local residents who then express their preferences by voting on all the projects. The projects receiving the most votes are awarded funding until the total amount available has been allocated.

The council currently runs a participatory budgeting grant scheme in Thornhill which has been in place since 2008 – the Thornhill Community Health Group Grants Programme. The use of participatory budgeting to allocate funding significantly increases residents' involvement in identifying priorities for their area. Local people like this approach and it has strengthened partnership working locally and encouraged residents to find their own solutions to local need.

The Thornhill Community Health Group grants programme (£50,000 per year) is currently funded by the Public Health Grant which ends after financial year 2018/19. The council are proposing to continue to fund this programme after that date by the same amount and to expand the area to include Harefield estate and a defined area in Sholing around Sullivan Road and the Merryoak estate.

In addition the council are proposing to increase the amount it makes available for participatory budgeting by a further £100,000, expanding this approach to include two other areas of the city, one in the central area and one on the west.

The additional areas proposed are:

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- A defined area within the Bevois and Bargate wards which include Northam and Golden Grove estates
- The original SRB 6 regeneration area covering specific parts of Millbrook, Redbridge, Maybush and Coxford.

A map of the proposed areas is available in Appendix 2.

The proposed additional areas are ones on which residents experience high levels of deprivation in the city. The grant schemes aim to empower local residents in these areas to influence small but significant changes.

To what extent do you agree or disagree with the proposed approach to participatory budgeting?

- Strongly Agree
- Agree

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- Neither agree or disagree
- Disagree
- Strongly disagree

Any comments about the participatory budgeting proposal?

Do you have any further comments about the proposals relating to council spend with the voluntary sector?

Are there any alternatives you feel we should consider?

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Appendix 1 – Community Chest criteria

The current Community Chest criteria are:

Who can apply?

- Priority is given to small, unfunded, volunteer-led community groups.

- Groups who have an annual income of less than £250,000.
  - Groups who have an annual income of between £50,000 and £250,000 will be treated as a lower priority. This means that your application will be considered last, once all the applications in that round from groups with an annual income of less than £50,000 have been considered.

- Groups who received funding from Community Chest in the previous or current financial year will only be considered for a grant in exceptional circumstances.*
  - i.e. if you received a grant between 1 April 2015 and 31 March 2017 you are not eligible for another grant between 1 April 2016 and 31 March 2017.

- Groups who receive funding from the council's Commissioned Grants Programme will only be considered for a grant in exceptional circumstances.*

- Religious groups for community activities

- Social enterprises for start-up or additional projects outside of their core business.

- 'Friends of' (or similar) groups for their own projects/activities

- PTA or 'Friends of…' schools groups or student groups for wider community activities outside school hours

- Applications are **not** accepted from schools, further and higher education establishments, regardless of how they are funded (LEA, trusts, privately funded, etc.).

- Applications are **not** accepted from statutory agencies, such as the police, health, other local authorities or other Southampton City Council departments.

- Applicants must demonstrate that members/attendees make contributions towards the group/project unless there are exceptional circumstances not to do so.
  - Examples of contributions include, lunch clubs charging £2 per meal, community fun day charging 50p for refreshments, sport taster sessions charging 20p a go or a community group charging an annual membership fee of £1.
  - Groups may take into account the financial circumstances of their members/attendees.
  - Making contributions meets the standard grant criteria that groups must not be wholly reliant on Southampton City Council funding.

* Examples of the kind of exceptional circumstances the council would consider are fire, flood or theft, if the group was unable to continue without support.
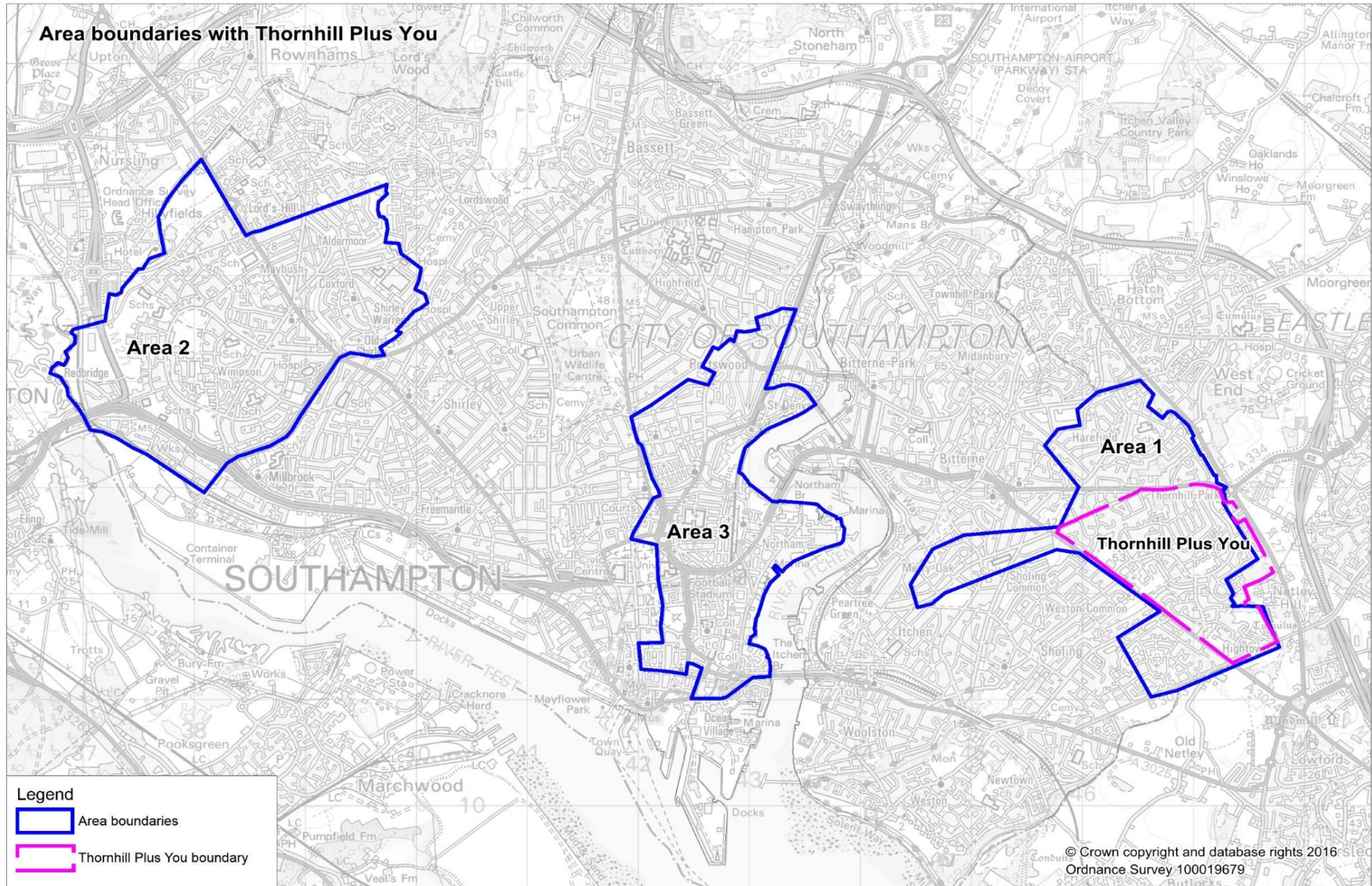
What can be funded?

- Insurance

- Venue hire for regular meetings or events

- Materials for use in your project

- Publicity materials, including newsletters and flyers

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- Basic stationery – paper, ink cartridges, envelopes, etc.

- Training

- Transport costs within the city for members/attendees who have limited mobility (contribution only, users must also contribute)

- Volunteer expenses

- Sports equipment

- Health and wellbeing activities

- Employment and training activities

- Basic IT equipment (as long as it is reasonably priced and you can show us the need for it)

- Fees for services - like crèche facilities, guest speakers, artists, entertainers, etc.

- AGM costs (including tea/coffee but excluding food)

- Activities where participants pay a contribution towards the cost of the project or sessions

- Grants and anything bought with grants must be used directly by the applicant and cannot be transferred to any other organisation or affiliate, except by consent of the Council.

What can't be funded?

- Projects that have recently received Community Chest funding (see 'Who can apply?' on page 4)

- Activities that happen or start before we confirm the grant (you should leave 3 months after the closing date to be sure)

- Trips, including:
  - Coaches/transport
  - Entry costs
  - Day trips
  - Residential trips, such as camping or outward bound holidays

- Food expenses – unless they are integral to the project, like a lunch club

- Items that mainly benefit individuals

- Advanced and/or expensive IT equipment

- Websites, including domain names, design and hosting (there are many free options available)

- Professional fees – lawyers, surveyors, architects, etc.

- Political activities (including lobbying) or religious activities

- Ongoing projects that you cannot maintain beyond the grant (e.g. because of high ongoing costs or the need for specialist skills)

- Projects that cannot be completed within one year

- School projects that primarily benefit pupils and their families and/or take place during school hours

- Student projects that primarily benefit students

- Salaries for staff employed directly by the applicant or to allow applicants to employ staff.
  - Groups may buy services for a specific project which include salary costs within the fees. For example, speakers/entertainers for community events and social clubs or trainers/tutors for one-off courses/events.

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Appendix 2 – Proposed Participatory Budgeting areas

Area boundaries with Thornhill Plus You

Area 2

Area 1

Area 3

Thornhill Plus You

Legend
Area boundaries
Thornhill Plus You boundary

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Ordnance Survey 100019679

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SOUTHAMPTON CITY COUNCIL

Proposals for a unified approach to the Council's investment in the Voluntary Sector

**Equality and Safety
Cumulative Impact Assessment**

March 2017

Introduction

1. Southampton City Council, in line with its statutory responsibilities, undertakes Equality and Safety Impact Assessments (ESIAs). ESIAs provide a systematic way of assessing the impact of policies, strategies, programmes, projects, services or functions on different equality groups and on poverty and community safety. ESIAs are completed for all proposals identified as requiring them to inform decision making.

2. This document provides an overarching summary of the ESIAs for the proposals for a unified approach to voluntary sector investment in the future.

3. The proposals were subject to public consultation from 2 December 2016 until 24 February 2017. The feedback received up until 24 February 2017 was collated and will be presented as part of the final report. The feedback has also been incorporated into the individual ESIAs and is reflected in this cumulative impact assessment.

Context

4. In October 2016 Cabinet considered a report detailing a review of the Council's investment in the voluntary sector, covering grants and contracts. The review was undertaken with the aim of ensuring that any services provided (whether contracted or grant funded) contributed directly to the Council's priority outcomes. This review was to inform a two year work programme with a strong focus on prevention and early intervention approaches. Cabinet agreed a number of recommendations to deliver a redesigned funding programme which could result in reshaping and re-tendering of current grants and contract arrangements.

5. The Council wishes to prioritise its support to voluntary sector agencies and to engage the sector in working jointly to address local challenges. However, given the fact that funding is now provided through a variety of means including both grants and contracts it is no longer sensible to view this support as being provided only through a grants allocation process.

6. In October 2016 Cabinet therefore agreed a new approach to funding voluntary sector organisations to support the priority areas of building community capacity, encouraging prevention and early intervention approaches and working with partners to make better use of resources from charitable and business sectors. The new approach was agreed subject to a 12 week public consultation and an assessment of the impact of the proposals.

7. The new approach includes using whichever funding routes (grants or contracts) provide the most effective way to achieve outcomes. The Council wants to focus grant funding on community development and prevention and early intervention approaches and wants to encourage all future bids for funding to be collaborative and access to additional funding from external sources.

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Legal Framework – Equalities

8.   The Equality Duty, section 149 of the Equality Act, came into effect on 5th April 2011 and places a duty on all public bodies and others carrying out public functions. The Act was designed to ensure public bodies consider the needs of all individuals in their day to day work, including: shaping policy, delivering services and employment of employees. It requires public bodies, such as councils, not to discriminate against any person on the basis of a protected characteristic such as disability. The legislation strengthened existing provisions about discrimination to also include associative and perceptive discrimination as well as direct and indirect discrimination.

9.   Direct discrimination occurs when a rule, policy or practice offers less favourable treatment to a group. Direct discrimination will always be unlawful.

10.   Indirect discrimination occurs by introducing a rule, policy or practice that applies to everyone but particularly disadvantages people who have a protected characteristic. Indirect discrimination will not be unlawful if it can be justified, for instance it can be shown that the rule, policy or practice was intended to meet a legitimate objective in a fair, balanced and reasonable way. In considering whether or not any indirect discrimination is justified, the council must consider whether or not there is any other way to meet its objective that is not discriminatory or is less likely to disadvantage those with protected characteristics.

11.   The Public Sector Equality Duty (the Equality Duty) replaced three previous public sector equality duties, for race, disability and gender, and broadened the breadth of protected characteristics to include:
* Age
* Disability
* Gender reassignment
* Marriage and civil partnership, but only in respect of the requirements to have due regard to the need to eliminate discrimination
* Pregnancy and maternity
* Race – ethnic or national origins, colour or nationality
* Religion or Belief – including lack of belief
* Sex (Gender)
* Sexual orientation.

12.   The Equality Duty does not impose a legal requirement to conduct an Equality Impact Assessment, rather it requires public bodies to demonstrate their consideration of the Equality Duty and the conscious thought of the Equality Duty as part of the process of decision-making. This entails an understanding of the potential effect the organisation's activities could have on different people and a record of how decisions were reached. Producing an Equality Impact Assessment post decision making is non-compliant with the Equality Duty. For this reason the council requires adherence to the existing impact assessment framework.

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Legal Framework - Community Safety

13.   Community Safety is a broad term. It refers to the protection of local communities from the threat and consequence of criminal and anti-social behaviour by achieving reductions in relation to both crime and the fear of crime.

14.   Section 17 of the Crime and Disorder Act 1998, as amended by the Police and Justice Act 2006, requires responsible authorities to consider crime and disorder, including antisocial behaviour and other behaviour adversely affecting the local environment; and the misuse of drugs, alcohol and other substances in the exercise of all their duties, activities and decision-making. This means consideration must be given to the likely impact on crime and disorder in the development of any policies, strategies and service delivery. This responsibility affects all employees of the Council.

15.   This responsibility is summed up by guidance issued by the Home Office. This guidance describes the legal responsibility as: '*a general duty on each local authority to take account of the community safety dimension in all of its work. All policies, strategies, plans and budgets will need to be considered from the standpoint of their potential contribution to the reduction of crime and disorder'.*

Scope and our approach

16.   This assessment identifies areas where there is a risk that changes resulting from the proposals, when considered together, have a negative impact on particular groups. It is important to note this is an ongoing process. As proposals are developed and implemented, they will be subject to further assessment. This assessment also describes mitigating actions that will need to be considered.

17.   The Council's approach on assessing the impact of its policies, proposals and decisions is designed to demonstrate that it has acted over and above its statutory duties. This is reflected in including poverty in the ESIA, as the Council is committed addressing the impact of poverty.

18.   ESIAs were developed for each individual grant recipient whose funding was affected by the proposals.

19.   This document gives a summary of the Equality and Safety Impact Assessments carried out in respect of individual organisations currently in receipt of grant funding through the commissioned grants programme.

4

Consultation – Process and Feedback

20.   The proposals for a new approach to voluntary sector funding were subject to a 12 week public consultation between 2 December 2016 and 24 February 2017. Respondents were able to provide feedback on the proposals via an online survey, public meetings, one-to-one meetings and by email or phone. A report on the feedback received during the consultation has been submitted to decision makers alongside this report and is available on the council's website.

21.   In total, there were 84 respondents to the consultation (53 organisations, 3 networks and 28 individuals). Overall there was a good level of engagement with the consultation. In total there were 47 responses to the online survey, 35 attendees at the open public meetings, 25 face to face meetings with individual organisations and 9 written submissions via email. This included feedback from 33 of the 34 current grant recipients that are directly affected by the proposals. In the last significant grants consultation in 2012 only 10 of the existing grant recipients engaged in the consultation, therefore the level of engagement in this consultation was a significant improvement. In total 544 comments were received and analysed.

22.   A breakdown of the 53 organisations that responded to the consultation has shown that 58.5% are local organisations (i.e. primarily working and based in Southampton), 30% are regional organisations and the remaining 9.5% are national organisations.

23.   The grant recipients were also given the opportunity to comment on their individual ESIA and these comments have been incorporated into the ESIAs. Any feedback about impact that was received during the consultation has also been incorporated.

Cumulative Impact Assessment

Proposed approach to awarding funding

24.   The proposal to cease the current corporate grant programme in favour of an approach which identifies the appropriate funding route in each circumstance could potentially impact on all existing grant recipients in the commissioned grants programme.

25.   There are no savings proposals attached to these changes. Instead it is a re-focus of how the existing resources are allocated. All future funding allocations will be made in line with the Council's priority outcomes, as the current grant allocations are made now, and it is intended to develop funding streams on broadly similar areas lines as the grant funding is currently allocated to.

26.   Between them, the existing grant recipients run services and activities that potentially have a positive impact on all the ESIA areas. As it is not yet known exactly what new funding streams will be offered, this Cumulative Impact Assessment is limited to providing an overview of the areas supported through the

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current grants and a general assessment of the potential impact of the proposals. The Council will continue to work with affected organisations and update the ESIAs as the new funding streams develop.

Current grants impact

27.   Age – 24 of the current grant funded services can be identified as having a positive impact on specific age groups. These organisations primarily offer a range of activities for children and young people, with some services also aimed at older people. There is a particular focus on employment and skills and children and young people getting a good start in life – both of these continue to be priorities for the council.

28.   Disability – 16 of the current grant funded services can be identified as having a positive impact on services for disabled people. These organisations are working with people in the city facing multiple and complex barriers, including physical disability and mental health issues, primarily offering support for employment and skills, welfare advice and community action. All of these areas continue to be priorities for the council.

29.   Gender reassignment – two of the current grant funded services are supporting young people who are undergoing gender reassignment or considering it.

30.   Marriage and civil partnership – four of the current grant funded services identified marriage and civil partnership as an area where their service has a positive impact. Children and young people get a best start in life is one of the council's priority outcomes.

31.   Pregnancy and maternity – four of the current grant funded services can be identified as having a positive impact for expecting and new mothers, including young people and single parents. This is primarily offering support about welfare and health and wellbeing. Children and young people get a best start in life is one of the council's priority outcomes.

32.   Race – 13 of the current grant funded services are supporting BME residents in a range of activities. This includes employment and skills, welfare advice and developing community groups. All of these areas continue to be priorities for the council.

33.   Religion or belief – six of the current grant funded services are supporting people with matters of religion or belief or are faith organisations providing services for local communities. This includes employment and skills, advice, play projects, youth projects and keeping people safe on night's out. All of these areas continue to be priorities for the council.

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34. Sex – seven of the current grant funded services have projects that are targeted to one particular gender or the other. This includes supporting women or young men into training and employment, advice and projects that actively promote positive relationships between the genders. All of these areas continue to be priorities for the council.

35. Sexual orientation – five of the current grant funded services support children and young people who are lesbian, gay, bi-sexual, transgender or questioning to explore and come to terms with their gender identity, and with their sexual orientation. Children and young people get a best start in life is one of the council's priority outcomes.

36. Community safety – 19 of the current grant funded services support community safety through helping to build cohesive communities in the city and supporting individuals to live safe, healthy, independent lives. This includes supporting people into employment and skills, providing play and youth activities, providing safe, reliable services for vulnerable people and keeping people safe on night's out. All of these areas continue to be priorities for the council.

37. Poverty – 26 of the current grant funded services are supporting adults on low incomes or children and young people from low income families. This includes support into employment, welfare advice, befriending services, financial inclusion and low cost activities that support children and young people's development. All of these areas continue to be priorities for the council.

38. Other significant impacts – the consultation highlighted moving to contracts could have a particular impact for smaller organisations, who may not currently have the skills and/or capacity to bid for contracts. This is significant as given the council's priorities for future funding streams are broadly similar to the current priorities the biggest impact is likely to be on organisations. Similar services will be commissioned to continue to provide support to residents, but there is a risk the contracts may not be won by the current grant holders.

Next steps:

39. If the move to a new funding approach is agreed the Council will take mitigating actions, including (but not limited to), transition funding where it is clear the Council will be commissioning a service in future, training to support voluntary sector organisations to move to contracts and ensuring its procurement process are proportionate.

40. As part of this new approach it is likely that the Council will identify current grant funded services that it will not be commissioning in the future. Where such grants are identified the Council will work with the affected organisation to understand the impact of the end of grant funding, including both the impact on service users and on the organisation. Where necessary further mitigating actions will be developed.

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41.   The Council's commissioning process is more inclusive than the current grant process, involving both existing and potential providers in the design of service and funding models. If the proposed new funding approach is agreed voluntary sector organisations will have more opportunity to shape the funding on offer than they did previously with the grants programmes.

42.   The Council will continue to work with affected organisations to assess the impact of the new approach as the details are developed and take further mitigating actions if needed.

Proposed new criteria

43.   The Council has updated its proposal following feedback during the consultation. It no longer proposes to adopt collaborative approaches and prioritising applications that can draw in match funding as criteria. Instead the council will aim to encourage collaborative approaches and match funding wherever possible.

Next steps:

44.   The Council wants to see collaborative bids and match funding, the Council recognises that some voluntary sector organisations will still need support.

45.   The Council produces a monthly funding newsletter, which in 2016/17 has supported local voluntary sector organisations to bring in over £800,000 of additional funding. The Council is committed to continuing to provide this newsletter.

46.   The Council is currently reviewing the needs for community development support in the city. The feedback gathered in this consultation will be used as starting point for discussions about what support voluntary sector organisations may need for developing and maintaining partnerships with other voluntary sector organisations as well as public and private sector organisations and for bringing in additional funding into the city.

Proposed increase in Community Chest funding and proposal to use the same criteria

47.   The Council is proposing to increase the Community Chest small grants budget from £50,000 to £100,000 and to continue to use the same criteria for awarding the grants.

48.   Community Chest grants are funded against the Council's four priority outcomes. These are one-off, one year grants that cannot be repeated the following year. The scheme has the potential to cover all ESIA areas, however, exactly what is funded each year depends on the applications received.

49. Increasing the budget will have a positive impact for residents as more money will be available for community projects. Keeping the criteria the same has a neutral impact on voluntary sector organisations that can apply for funding under the existing scheme.

50. A potential knock on impact of moving the larger grants to contracts is that it may leave a gap in potential grant funding for organisations that are not eligible for Community Chest but who feel they are too small for contracts. Some respondents to the consultation suggested changes to the Community Chest criteria could bridge this gap.

51. The profile of the consultation respondents shows there were few comments on the proposals from small community groups, who are the main beneficiaries of the current Community Chest small grants scheme. This imbalance may have skewed the responses about the Community Chest criteria proposal. Further consideration needs to be given to the criteria before any changes are made, to ensure changes made to support one section of the voluntary sector do not disadvantage another section of the voluntary sector.

Next steps:

52. The Council has agreed the community development model it wants to support and the feedback gathered in this consultation will be used to develop the specification.

Proposals to continue to support the existing participatory budgeting grant scheme and extend participatory budgeting grant schemes into new areas

53. Participatory budgeting grant schemes enable residents to make decisions about the services and activities they want to fund for their area. This empowers communities to take ownership of their local services.

54. As with the Community Chest small grants scheme, the Participatory Budgeting model has the potential to cover all ESIA areas with exactly what is funded each year depending on the applications received.

55. Some reservations were raised during the consultation that a public vote on funding can turn into a popularity contest, with less popular or more marginalised groups not receiving funding. If this happens there is potential for funding decisions to not fully represent the local community.

Next steps:

56. The Council will take into consideration the concerns raised in the consultation when reviewing the existing Participatory Budgeting scheme in Thornhill and designing any proposals for extending Participatory Budgeting across the city .

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