

DECISION-MAKER:	INTERIM DIRECTOR OF ENVIRONMENT
SUBJECT:	2012/13 GRANTS TO VOLUNTARY ORGANISATIONS
DATE OF DECISION:	27 OCTOBER 2011
REPORT OF:	DEVELOPMENT OFFICER (GRANTS AND VOLUNTARY SECTOR SUPPORT), COMMUNITIES TEAM, ECONOMIC DEVELOPMENT DIRECTORATE
STATEMENT OF CONFIDENTIALITY	
Not applicable	

BRIEF SUMMARY

On 1st August 2011 Cabinet approved in principle a 2012/13 grants to voluntary organisations budget of £1,907,300 (the same level as the 2011/12 budget) and authorised the Interim Director of Environment to carry out consultation on the following proposals:

- suspending the current grant application process for awarding grants from the corporate grants budget for 2012/13
- renewing 2011/12 grants at current levels, excluding any paid notice, for a further year until 31st March 2013 subject to satisfactory monitoring

Cabinet also delegated authority to the Interim Director of Environment following consultation with the Cabinet Member for Housing to determine whether or not to proceed with these proposals and, within approved budgets, to take any other decisions necessary or expedient to determine the award of all grants for the 2012/13 financial year. This report summarises the outcome of the consultation and makes recommendations in respect of the 2012/13 grant process.

RECOMMENDATIONS:

- (i) To approve the proposal to
 - suspend the current grant application process for awarding grants from the corporate grants budget for 2012/13 and
 - renew 2011/12 grants at current levels, excluding any paid notice, for a further year until 31st March 2013 subject to satisfactory monitoring

REASONS FOR REPORT RECOMMENDATIONS

1. To determine the process for awarding grants to voluntary organisations in 2012/13.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.
 - The option of not consulting was rejected as the proposal constitutes a significant change to an established procedure and therefore requires consultation with stakeholders.
 - The option of continuing the current open, competitive grant application process for awarding grants in 2012/13 was considered and rejected as it perpetuates the current annual short term decision making when the council needs to be making long term strategic decisions about its grant making process (see detail below).

DETAIL (Including consultation carried out)

3. On 1st August 2011 Cabinet approved in principle a 2012/13 grants to voluntary organisations budget of £1,907,300 (the same level as the 2011/12 budget) and authorised the Interim Director of Environment to carry out consultation on the following proposals:

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4. The reasons for these proposals can be found in the 2012/13 Grants to Voluntary Organisations report to Cabinet on 1st August 2011 but can be summarised as follows:

- to avoid wasting voluntary sector and council resources on an open competitive application process that is likely, once again, to result in disappointment for new applicants as impact assessments undertaken during the 2011/12 grants round indicated that the impact of reducing existing grants outweighed the impact of not awarding grants to new applicants,
- to allow sufficient time to complete the following reviews approved by Cabinet on 14th March 2011
 - whether it would be more appropriate to move towards commissioning and purchasing some of the services that are currently grant aided and
 - the cross service review of advice services in the city
- to give consideration to bringing forward the application timetable in future years.

5. That report also explained that in the current stringent national economic circumstances in which all local authorities must make significant financial savings to achieve a balanced budget, it is unlikely that the Council will be able to maintain the corporate grants budget at current levels beyond 2012/13 and that subject to consultation and the assessment of impact, consideration will therefore have to be given to reducing some grants over the medium term.

6. As the proposals in 3 above constitute a significant change to an established procedure it was necessary to consult with stakeholders. Time constraints and the overriding need to provide certainty to applicants resulted in a consultation period of 8 weeks (11th August to 6th October) rather than the 12 weeks recommended in the Compact.

7. Appendix 1 details how that consultation was undertaken and the responses received. It also highlights under Learning points (p.10) some of the difficulties encountered in analysing responses and in particular the skewing effect of a number of individuals from the same organisation responding separately. This problem will be “designed out” of any future consultation.

Brief summary of consultation responses to proposal to suspend 2012/13 application process and renew 2011/12 grants for a further year

- 8.
- As expected, most currently funded organisations (24 out of 25) supported the proposal to renew their 2011/12 grant for another year to give them stability.
 - Also as expected, most organisations not currently funded (31 out of 33) did not support the proposal and felt it was unfair not to give them the opportunity to apply for funding in 2012/13.
 - There was a misconception amongst some organisations not currently funded that the council continues to fund the same organisations because it is too difficult to reduce or end their grants. They were not aware that some groups have been funded for many years because they continue to meet council priorities and provide key services. With sufficient notice and assessment of impact grants can and have been reduced or discontinued.
 - Some organisations did not seem clear about the reasons behind the proposal to renew 2011/12 grants for another year.
 - There was a misconception amongst some organisations that the council should fund any organisations that work in the city, irrespective of whether their work meets the council’s priorities.

Brief summary of responses to other areas of consultation

- 9.
- Most respondents agreed that the grants decision should be brought forward, with the majority choosing a January decision date.
 - Most respondents agreed that an 8 week application period allows enough time to write applications.
 - Most respondents agreed that the current grants and funding web pages are providing useful information and some helpful suggestions for further improvements were made.

Advantages of suspending the 2012/13 application process and renewing existing grants

10. In the short term a decision to suspend the 2012/13 application process and renew existing grants would provide a year of stability for existing grant recipients at a time of reduced funding both locally and nationally. This would be particularly welcome to groups whose council grants were reduced in 2011/12 with notice periods resulting in the full impact coming into effect in 2012/13.

11. It would also avoid wasting voluntary sector and council resources on an open competitive application process that is likely, once again, to result in disappointment for new applicants as impact assessments undertaken during the 2011/12 grants round indicated that the impact of reducing existing grants outweighed the impact of not awarding grants to new applicants.
12. Recent Best Value Statutory Guidance from the Department of Communities and Local Government (CLG) states that local authorities should give at least 3 months notice when reducing or ending funding to voluntary and community organisations, that the authority should actively engage with the organisations and service users as early as possible before making a decision and that organisations, service users and the wider community should have the opportunity to put forward options to reshape the service or project. To do this properly requires time and staff resources.
13. Furthermore the National Council for Voluntary Organisations (NCVO) recently published a report on the impact of public sector spending cuts on voluntary organisations.

“Counting the Cuts: The impact of spending cuts on the UK voluntary and community sector”, David Kane and James Allen, National Council for Voluntary Organisations, August 2011 http://www.ncvo-vol.org.uk/sites/default/files/counting_the_cuts.pdf

The report highlighted the importance of local authorities making long-term strategic decisions in partnership with the local VCS “but some are not and this is causing real damage to the sector and local communities”.

14. The review of “whether it would be more appropriate to move towards commissioning and purchasing some of the services that are currently grant aided” will help to inform the council’s long-term strategic decision making in respect of support for the voluntary and community sector in Southampton whether currently funded or unfunded.
15. In the longer term a decision to suspend the 2012/13 application process and renew existing grants would allow sufficient time to develop and consult on future options and give notice of and implement any changes in 2013/14.

Disadvantages of suspending the 2012/13 application process and renewing existing grants

16. The main disadvantage of a decision to suspend the 2012/13 application process and renew existing grants is that it may be considered unfair to new applicants unable to apply for council grants in 2012/13. It may also be considered unfair to currently funded organisations wishing to apply for increased grants or additional grants for new projects. Furthermore it raises the question of whether the council is achieving best value by temporarily suspending competition for grants.

Recommendation

17. Having considered the responses to the consultation it is recommended that approval is given to the proposal to
 - suspend the current grant application process for awarding grants from the corporate grants budget for 2012/13 and

- renew 2011/12 grants at current levels, excluding any paid notice, for a further year until 31st March 2013 subject to satisfactory monitoring.
18. This recommendation is made on the basis that on balance the long term advantages as detailed in paragraphs 10-15 above outweigh the short term disadvantages detailed in paragraph 16. In making the recommendation the council acknowledges the disadvantage to potential new applicants in 2012/13. However, it is a short term disadvantage that will enable the council to give proper consideration to its longer term grant making process and support for the voluntary and community sector in Southampton whether currently funded or unfunded.

Responsibility for grant allocation in the new council structure

19. Following this decision, as a result of reorganisation within the council responsibility for the allocation of grants to voluntary organisations budget will transfer to the Director of Economic Development.

RESOURCE IMPLICATIONS

Capital/Revenue

20. A number of organisations were awarded reduced grants in 2011/12 which included a one-off paid notice period with the full impact of the reduction coming into effect in any grant awarded in 2012/13. The £1,907,300 grants to voluntary organisations budget approved for 2012/13 is calculated on the basis of the full effect of those reductions.

Property/Other

21. There are no property implications.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

22. The legal powers under which grants are made are included in reports to Cabinet seeking approval for grants.

Other Legal Implications:

23. The council is mindful of the case law established through the judicial reviews of Haringey Council in 2000, Leicester City Council in 2004, Ealing Borough Council in 2008, London Councils in February 2011 and Birmingham City Council in 2011. Accordingly, the council follows four main principles when considering the allocation of grants, namely timely and meaningful consultation with voluntary organisations with a clear explanation of proposals and an open, transparent, corporate, co-ordinated approach. Decision makers must be satisfied that consultation with affected organisations has been adequately carried out and that where appropriate any notice period given before the implementation of any reduction in grant is adequate and reasonable.
24. The Council recognises its equalities duties and in making its decision will pay due regard to the need to eliminate discrimination and promote equality and to the outcome of the impact assessments conducted during the 2011/12 grants round. No equalities issues were raised by respondents during the consultation.

POLICY FRAMEWORK IMPLICATIONS

25. Grant recommendations relate to the relevant policy framework plans and the services provided by the grant aided organisations will assist the Council in meeting the overall aims of its policy framework including the objectives set out in the City of Southampton Strategy (Community Strategy).

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Consultation on 2012/13 Grants to Voluntary Organisations
2.	Survey Questions

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require Integrated Impact Assessment (IIA) to be carried out.	Conducted during the 2011/12 grants round
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Other Background Documents

Integrated 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.	2012/13 Grants to Voluntary Organisations Report to Cabinet on 1 st August 2011	
2.	2011/12 Grants to Voluntary Organisations Report to Cabinet on 14 th March 2011	