

DECISION-MAKER:	CABINET
SUBJECT:	2011/12 GRANTS TO VOLUNTARY ORGANISATIONS
DATE OF DECISION:	14 th MARCH 2011
REPORT OF:	CABINET MEMBER FOR LOCAL SERVICES AND COMMUNITY SAFETY
STATEMENT OF CONFIDENTIALITY	
Not applicable	

BRIEF SUMMARY

Southampton City Council has a long history of supporting the contribution of the voluntary and community sector in the city with grants, contracts and other help in kind. The 2011/12 Grants to Voluntary Organisations budgets are £1,691,600 (plus a one-off amount of £148,000 to accommodate notice periods, where appropriate, where grants are reduced or discontinued). Cabinet is asked to approve grant recommendations, subject to impact assessments, totalling £1,760,736 which, if approved, will require an additional £69,136.

Despite the difficult economic climate the council has made available £200,000 of capital funding to match fund community projects and is also considering introducing additional grants from the Housing Revenue Account (HRA). A review of advice services will also be undertaken with the aim of improving advice provision in the city.

RECOMMENDATIONS:

Having considered the City of Southampton Strategy, particularly where grants are authorised under S.2 of the Local Government Act 2000 Cabinet is requested:

- (i) To approve, subject to impact assessments, the grant recommendations set out in the attached Appendices 1a and 1b.
- (ii) To approve the use of general fund contingencies of £69,136 in 2011/12 to fund the recommendations in this report.
- (iii) To approve that the second instalment of £18,750 of the 2010/11 grant to Solent Sky is carried forward and paid to the organisation in 2011/12.
- (iv) To approve an allocation of £50,000 of the budget to fund the Community Chest small grants scheme.
- (v) To delegate authority to the Manager of the Communities Team following consultation with the Cabinet Member for Local Services and Community Safety to allocate Community Chest grants during the year.
- (vi) To approve the following additions to the standard grants criteria
Applications will not normally be considered
 - from recently formed organisations for large grants
 - to fund projects that have unsuccessfully tendered for a contracted service (SCC or other)
 - to subsidise contracts (SCC or other)
 - towards political activities
 - for large capital projects

- (vii) To delegate authority to the Executive Director of Neighbourhoods following consultation with the Cabinet Member for Local Services and Community Safety to:
- determine any outstanding applications for grants for 2011/12 and to authorise grants to applicants subject to remaining within approved budgets
 - to determine notice periods, where appropriate, where grants have been reduced or discontinued
 - do anything necessary to give effect to allocation of grants for 2011/12 and 2012/13
 - progress the work to establish the value of the “help in kind” the council provides to the voluntary sector
 - conduct a review of whether it would be more appropriate to move towards commissioning and purchasing some of the services that are currently grant aided
- (viii) To delegate authority to the Executive Director of Neighbourhoods in consultation with the Cabinet Member for Housing and the Cabinet Member for Local Services and Community Safety to explore the possibility of additional grants being made available to voluntary organisations from the Housing Revenue Account (HRA) for activities of benefit to council tenants.
- (ix) To delegate authority to the Head of Efficiency and Business Transformation in consultation with the Cabinet Member for Local Services and Community Safety and other relevant Cabinet Members to conduct a cross service review of advice services in the city.

REASONS FOR REPORT RECOMMENDATIONS

1. Southampton Council has a long history of supporting the contribution of the voluntary and community sector to the city with grants, contracts and other help in kind. Pressures on the economy and public sector finance mean that there is a savings target for the 2011/12 Grants to Voluntary Organisations budget of £450,000. This represents a reduction of just under 22% which is less than many other local authorities such as Greenwich (provisionally 29%) and Nottinghamshire County Council (proposed 36%).
2. It is recognised that this saving cannot be delivered in the next financial year due to the need for notice periods where grants are reduced or discontinued. Therefore the budget approved by Council on 16th February 2011 included a one-off amount of £148,000 to accommodate notice periods where appropriate. The full savings target of £450,000 will be delivered in 2012/13.
3. There is also a reduction of £50,000 in the ring-fenced Children’s Services and Learning Portfolio, Dedicated Schools Grant (DSG) element of the grants budget. This together with the addition of £10,000 to the Housing Revenue (HRA) element of the budget will result in a 2011/12 Grants to Voluntary Organisations budget of £1,691,600 (plus a one-off amount of £148,000 to accommodate notice periods where grants are reduced or discontinued).

4. The grant recommendations in this report, which are subject to impact assessments, total £1,760,736 and will achieve partial savings in 2011/12 and full savings in 2012/13. If approved the proposals will require a draw on contingencies of £69,136. .

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. With grant applications amounting to over twice the available budget it has not been possible to make proposals that maintain all existing grants at their current level and also fund new applications. In arriving at the proposals consideration was given to the option of
- A greater reduction in the level of existing grants and funding some new applications - rejected as the impact of removing funding from existing groups with commitments such as staff already in post or rent was considered to be greater than the impact of not funding new applicants.
 - Reducing all currently funded organisations by the same percentage - rejected as it does not take account of council priorities and individual organisations circumstances and capacity to absorb the reduction.
 - Completely discontinuing or significantly reducing (to a greater extent than proposed in Appendix 1) some grants - rejected as it would result in some organisations no longer being viable.

DETAIL (Including consultation carried out)

6. 2011/12 Applications

In August 2010, before the impact of Central Government's spending review on council budgets was known, both currently funded and new organisations were invited to submit applications for grants for 2011/12 to the following schemes:

Running Costs Fund - a contribution to core running costs (usually linked to specific posts or items of expenditure),

Two Year Funding – as above but for applications meeting specific employment and training criteria,

New Projects Fund - time limited project grants.

By the 5th November closing date the schemes had succeeded in attracting 77 applications requesting over twice the available budget

	Number	£
Running Costs Fund	56	2,611,839
Two Year Funding	2	126,784
New Projects Fund	19	746,820
Sub Total	77	3,485,443
Community Chest Fund		50,000
Total		3,535,443

Of the 77 applications, 45 are from currently funded groups totalling £2,397,447 and 32 are new applications totalling £1,087,996.

7. **2011/12 Grants Budgets**

The total grants budgets available are made up as follows:

2011/12 Budget	£
Corporate Grants Budget	1,606,100
Dedicated Schools Grant (DSG) Budget	55,900
Housing Revenue Account (HRA) Budget	29,600
Total	1,691,600
Additional one-off to accommodate notice periods	148,000

8. **2010/11 Budget**

Due to a delay in Solent Sky recruiting staff the second instalment of £18,750 of their 2010/11 grant has not been paid and approval is sought to carry this forward and pay it to the organisation in 2011/12.

9. **Appraisal**

The 77 applications received have been rigorously assessed by staff from relevant service areas across the council against priorities and criteria. The detailed Appraisal Forms form part of the background documents to this report.

10. **Allocation Principles**

In addition, and following consultation with Cabinet, the following principles have been applied to arrive at the recommendations that meet the available budget in the attached schedule

- Priority to existing applicants already in receipt of a Running Costs Fund grant, which, regrettably means that no new applications to either fund can be considered
- No requests for increased funding can be considered
- No award for inflation
- Follow appraiser proposals where possible
- Consideration of a reduced level of grant for organisations receiving larger grants rather than those in receipt of smaller grants
- Priority, by way of Two Year Funding, to organisations “whose core business is to provide local employment opportunities and/or training and support which leads directly to local employment opportunities”

11. The DSG budget available in 2011/12 is almost half the budget available in 2010/11 as a result of the government’s policy of redirecting funding into school budgets. This has led to some specific appraiser proposals for organisations funded from that budget.

12. **Two Year Funding**

Two Year Funding is proposed for two organisations - Wickets Trust and Groundwork Solent – as they “provide local employment opportunities and/or training and support which leads directly to local employment opportunities” which is a high priority for the council.

13. **Communication**
Throughout the application process organisations have been kept informed by letter, email and information on the council grants webpage of a likely reduction in the Grants to Voluntary Organisations budget that could result in individual grants being reduced or discontinued.
14. The council recognises that applicants have put a great deal of hard work into their applications. When the grant schemes opened for applications at the beginning of August 2010 they were promoted in good faith and the council only became unaware of the scale of reductions that would be needed following the settlement from central government in December 2010.
15. **Impact Assessments**
Where a recommendation to reduce or discontinue grants has been made overall impact assessments and Integrated Impact Assessments are being undertaken and Cabinet will be updated verbally on the outcome to enable a properly informed decision to be made.
16. **Notice Periods**
Consideration is also being given on a case by case basis to reasonable notice which takes account of current case law and is Compact compliant. This does mean that budget savings will be partial in 2011/12 and will only be fully achieved in 2012/13.
17. **Future Funding**
While the council cannot predetermine future budgets which are set annually it is anticipated that the Grants to Voluntary Organisations budget will not increase in future years. Applicants should therefore be aware that any future grant awards are unlikely to exceed the 2011/12 level and may be further reduced.
18. **Extra Funding for Voluntary Organisations**
Consideration is being given to the possibility of additional grants being made available to voluntary organisations from the Housing Revenue Account (HRA) for activities of benefit to council tenants. This will be managed through the corporate grants process. Approval is sought to delegate authority to the Executive Director of Neighbourhoods in consultation with the Cabinet Member for Housing and the Cabinet Member for Local Services and Community Safety to explore this.
19. There is also £200,000 of capital funding available in the Local Services and Community Safety capital programme in the 2011/12 and 2012/13 financial years for applications from voluntary and community groups in the city to assist with match funding where applicable for community led local improvement capital projects. This fund will be managed within the Neighbourhood Services Division.

20. **Homelessness Prevention Grants**

In 2011/12 an additional £45,118 will be transferred to the Corporate Grants to Voluntary Organisation budget to supplement the grant funding for homelessness prevention activities within the Southampton Citizens Advice Bureau, No Limits and Women's Aid previously funded from the Department of Communities and Local Government (DCLG) homelessness grant. (See Appendix 1b).

21. **Community Chest**

In 2010/11 a number of small grant schemes were consolidated into Community Chest and the maximum individual grant available was increased from £500 to £5,000. As a result the scheme attracted 119 applications; nearly double the number received in previous years. From the attached Appendix 3 it can be seen that 77 one-off grants were awarded averaging approximately £1,357.

22. Within the overall budget a sum of £50,000 has been allocated for Community Chest grants in 2011/12.

23. The maximum individual grant available will remain at £5,000 but applicants will be advised that it will only be awarded in exceptional circumstances. The Application Guidance will also highlight the criteria that Community Chest grants are one-off to assist groups to work towards long term sustainability and not for recurring, on-going running costs.

24. As in previous years approval is sought to delegate authority to the Manager of the Communities Team following consultation with the Cabinet Member for Local Services and Community Safety to allocate Community Chest grants during the year.

25. **Grants Criteria**

In discussion with potential grant applicants it has become apparent that to minimise inappropriate grant applications some additional criteria need to be added to the council's standard Grants Criteria (Appendix 4) to clarify what the council will consider for funding. Approval is therefore sought to include that applications will not normally be considered

- from recently formed organisations for large grants
- to fund projects that have unsuccessfully tendered for a contracted service (SCC or other)
- to subsidise contracts (SCC or other)
- towards political activities
- for large capital projects

An amendment was also made in 2010/11 due to changes in LAA targets.

26. **Help in Kind**

In addition to grants and contracts the council supports the voluntary and community sector with "help in kind" such as reduced/peppercorn rents and rate relief. Delegated authority is sought to continue the work to establish the value of this "help in kind" which to-date has established that:

Properties let at less than market value – 86 voluntary and community organisations (ranging from scout groups to sports and leisure venues and including 7 groups covered by the grant proposals in this report) receive support to the value of some £950,000 per annum.

80% Mandatory Rate Relief (met by an allowance against a Local Authorities contribution to the NNDR pool) – 206 registered charities (including schools and higher education establishments) receive support to the value of some £6.7M.

Discretionary Rate Relief (funded by and awarded at the discretion of the Local Authority to non-profit making organisations with charitable objectives) – 31 mainly sports groups receive support to the value of some £44,000.

27. **Commissioning**

On 23rd November 2009 Cabinet approved the continued use of grants as well as contracts to fund voluntary organisations and the use of the Grant Flowchart as a guide for officers to determine the most appropriate route.

28. One of the criteria for determining the most appropriate route is how far the council wishes to specify the service or area of work being funded. Given the pressure on budgets, the extent to which other areas of the council are now contracting with grant aided organisations and the need to avoid duplication and achieve best value, delegated authority is sought to conduct a review of whether it would be more appropriate to move towards commissioning and purchasing some of the services that are currently grant aided.

29. **Review of Advice Services**

Advice services are currently provided by the council as well as a number of statutory and voluntary sector organisations across the city. Some services provide specialist advice whilst others offer more general advice as part of their wider work with a particular client group(s). A significant proportion of this work is currently funded either directly by the city council or through a mixture of grant and contract arrangements. Pressure on budgets, high demand and the proportion of grant funding requests towards running costs mean that it is important to review this current mix of funding arrangements and to work with current providers to ensure that these services continue to provide value for money to local residents. It is therefore proposed to delegate authority to the Head of Efficiency and Business Transformation in consultation with the Cabinet Member for Local Services and Community Safety and other relevant Cabinet Members to conduct a cross service review of advice services in the city.

RESOURCE IMPLICATIONS

Capital/Revenue

30. The proposed grants in Appendix 1 would require a draw on contingencies of £69,136.

Property/Other

31. Any property implications arising from the work being undertaken to determine the value of help in kind including properties let at less than market value will be subject to detailed consultation in the usual way.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

32. The legal powers under which grants are made are listed in Appendix 2 and shown against the grant recommendations for each organisation Appendix 1 – Schedule of Recommended Grants for 2011/12.
33. Section 2 of the Local Government Act 2000 (the power of well-being) gives the council a general grant making power. Section 2 states that the council may do anything for the promotion or improvement of the economic, social or environmental well-being of its area. The power explicitly permits the incurring of expenditure and the giving of financial assistance to any person, including the giving of grants and loans. The power of well-being is a power of first resort and may be used even where another power exists to do the same thing. The power of well-being is subject to any express restrictions made in any other legislation and may not be used to circumvent restrictions.

Other Legal Implications:

34. The council is mindful of case law established through the judicial reviews of Haringey Council in 2000, Leicester City Council in 2004, Ealing Borough council in 2008 and London Councils in February 2011. Accordingly, the council follows four main principles during the annual revenue grants process, 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.
35. The Council recognises its equalities duties and in making its decision, will pay due regard to the need to eliminate discrimination and promote equality. As detailed in paragraph 15 above individual impact assessments and Integrated Impact Assessments are being undertaken where it is proposed to reduce or cease a grant. Cabinet will be updated verbally on the outcome to enable a properly informed decision to be made. Reasonable notice periods will be given to comply with the Southampton Compact.

POLICY FRAMEWORK IMPLICATIONS

36. 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

1a.	Schedule of Recommended Grants for 2011/12
1b.	Schedule of Recommended Homelessness Prevention Grants for 2011/12
2.	Legal Powers under which grants are made
3	List of Community Chest Grants made in 2010/11
4.	Grants Criteria

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/
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Other Background Documents

Integrated Impact Assessment (see paragraph 14 of report) 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..	2011/12 Grant Applications	Paragraphs 1 and 3 (personal information and financial/business information of individuals / business). Contains commercially sensitive information
2.	2011/12 Grant Appraisals	Paragraphs 1 and 3 (personal information and financial/business information of individuals / business). Contains commercially sensitive information