

DECISION-MAKER:	CABINET		
SUBJECT:	IMPLEMENTING A UNIFIED APPROACH TO THE COUNCIL'S INVESTMENT IN THE VOLUNTARY SECTOR		
DATE OF DECISION:	19 OCTOBER 2016		
REPORT OF:	LEADER OF THE COUNCIL		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

None.

BRIEF SUMMARY

The City Council makes a significant investment in Southampton's thriving, rich and diverse voluntary sector, incorporating large and small organisations, community groups and faith communities. Traditionally this has been done in service areas and through a combination of grants and contracts. We need to ensure that our significant annual investment of over £20M contributes directly to our priority outcomes, encourages better collaboration within the voluntary sector and that our investment is used as match funding to lever additional external funding to the city.

An overarching review of the City Council's investment in the voluntary sector, across grants and contracts has been undertaken with the aim of ensuring that services provided (whether contracted or grant funded) contribute directly to the Council's priority outcomes. This review will inform a 2 year work programme with a strong focus on prevention and early intervention approaches. Over the 2 year period, we will be considering a number of recommendations in order to deliver redesigned services which could result in reshaping and re-tendering of current grants and contract arrangements. This report seeks to commence consultation with grant aided organisations and the wider voluntary sector as the new approach and process could impact on them.

We have seen the benefits of the participatory budgeting approach in Thornhill and want to extend this approach to specific areas in the central and west parts of the city. We are committing through recommendations in this report, the continuation of funding for this approach in Thornhill when the current funding expires in 2018/19 and to establish funding for a similar approach in 2 other areas of the city, from 2017/18. A separate report elsewhere on this agenda also recommends doubling of the budget for the Community Chest small grants scheme for one off grants to small community groups.

RECOMMENDATIONS:

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| | (i) | To approve the principle of a unified approach to the Council's investment in |
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		the voluntary sector, comprising all current grants and contracts.
	(ii)	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.
	(iii)	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.
	(iv)	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.

REASONS FOR REPORT RECOMMENDATIONS

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| 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 key Council priorities and that it can be used in a more strategic manner to lever in external funding to the city. |
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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| 2. | To continue to use the current approach was considered and rejected as the Council is committed to ensuring its investment in the voluntary sector leads to greater collaboration within the sector and achieves more external funding for the city. |
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DETAIL (Including consultation carried out)

	Background
3.	Southampton has a thriving voluntary sector with a rich diversity and cultural mix and includes both local and nationally affiliated charities, housing associations and small community and neighbourhood groups. The range of services provided is also varied and this has developed over time to reflect local needs and priorities, the specific interests of individual's agencies and groups and opportunities for new initiatives and innovation. The range of services provided by voluntary sector organisations includes culture and leisure, special interest groups, housing, employment and skills, social care and many more.
4.	The significant amount the City Council invests in voluntary sector organisations through grants and contracts is around £20M of which approximately £2.2M is awarded in grants, including the £1.54M corporate grants budget, and approximately £18.6M is within contracts. This is 11% of the Council's controllable spend, demonstrating the Council's commitment to the voluntary sector. For this exercise, voluntary sector is defined as organisations that do not make profits and therefore includes large housing associations as well as national organisations with significant annual turnover. The new approach covers budgets across all Council Portfolios including leisure, communities, community safety, children's services, adults' services, housing, skills, employment and public health.
5.	As a Council we face unparalleled challenges in reducing our costs, increasing income and managing demand for our most expensive services. We know that to

	<p>improve outcomes in this climate, we have to prioritise our diminishing resources to deliver key outcomes. We want to use our resources to ensure communities are more able to look after themselves and recognise the critical role of the voluntary sector in building community capacity and in encouraging prevention and early intervention approaches to manage demand. We are also keen to work with partners to make better use of resources from charitable and business sectors, by pooling budgets and by tapping into human and social assets in local communities.</p>
6.	<p>The City Council has a long history of supporting voluntary organisations and community groups through our grants programme. We moved to outcomes based grant allocation in 2013 and this three year scheme provides between one and three years of funding. Grant aided organisations were given one year's extension in April 2016 at the end of 3 years to enable the Council time to agree its approach for the future. The value of the corporate grant for 2016/17 is £1.54M and this includes £50,000 for the Community Chest small grants programme.</p>
7.	<p>The investment we make as a Council in the voluntary sector through a range of contracts totals approximately £18.6M. 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.</p>
8.	<p>In addition to the direct financial investment, the Council also provides other benefits which have a significant monetary value. The total value of this type of support to the voluntary sector is £10,439,236 at a cost to the City Council of £493,847, reflecting an extremely good return on investment. This includes:</p> <ul style="list-style-type: none"> • Less than market value rents • Administration of Mandatory Rate Relief (not council funded) • Discretionary Rate Relief (25% council funded) and • Support in identifying other funding sources.
9.	<p>The voluntary sector also provides a number of services which are purchased on a 'spot' basis and this spend is in addition to the figures above. For example, 8 of the 30 agencies on the domiciliary care framework are voluntary sector agencies.</p>
10.	<p>A review of investment in the voluntary sector, including grants and contracts, has established that there is a good return on investment and there are many examples of where small amounts of funding has brought significant returns. However investment is 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. In addition, grant funding is currently used to support core services which have been in place for many years.</p>
11.	<p>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</p>

	provided through a grants allocation process and through individual service areas making decisions regarding contract specifications.
	The proposed approach
12.	It is therefore proposed that our approach to investment in the voluntary sector reflects the current position in the city and that funding route (grants or contracts) will in future be determined on the basis of the most effective way to achieve outcomes. In both cases we want the voluntary sector to collaborate and submit joint bids for funding which we will actively consider within procurement legislation and guidelines.
13.	A number of previous service reviews has already amalgamated some budget lines and resulted in services being re-tendered within a single financial envelope. This has resulted in access to services being simplified and to improved efficiencies in activity and costs but also in the contract management resources required. These service area are Domestic Abuse, Sexual Health. Adult Skills and Community Learning, Short Breaks services and Substance Misuse. In addition Behaviour Change Services and Independent Fostering are currently proceeding to tender.
14.	<p>The following areas, which include both grants and contracts, 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:</p> <ul style="list-style-type: none"> • Housing Related Support (HRS) • Information, Advice and Guidance (IAG) • Community Development • Homeless and Substance Misuse services
	<p>In addition the Council wants to encourage collaborative bids from the voluntary sector on proposals that bring in additional external funding into the city and will make a tangible contribution to the City Council's priority outcomes:</p> <ul style="list-style-type: none"> • Children and young people get a good start in life • Strong and sustainable economic growth • People in Southampton live safe, healthy, independent lives • Southampton is an attractive, modern city where people are proud to live and work.
15.	This programme represents a significant transformation opportunity. Taking it forward would require engagement and consultation with all stakeholders, including current service providers and citizens, in order to capitalise on the knowledge, experience and innovation which exists within voluntary sector and with other partners. The scale of the work requires a phased approach which also needs to take account of current contractual arrangements and funding timescales.
16.	This approach also enables the voluntary sector to tap into further funding opportunities for all agencies. The implementation of this approach will therefore

	include dialogue with the voluntary sector to address any perceived barriers, particularly in relation to procurement processes, building on work already undertaken which includes providing training and support and more flexible approaches to qualification criteria.
17.	We will also give priority to organisations that can demonstrate that: <ul style="list-style-type: none"> • They are working with other organisations to put together collaborative applications and bids. • They can bring in additional resource from other external sources including using council funding as 'match' funding where appropriate.
18.	These proposals will be subject to consultation programme which is expected to begin in November 2016 and run for 12 weeks. The consultation will seek evidence and views to help the Council understand the impact of the proposals on voluntary organisations and the people of Southampton; the extent to which the proposed new approach would underpin the relevant Council and partnership strategies and impact particularly on those with protected characteristic and how the proposed changes would affect the sustainability of the organisations affected.
19.	Once responses to the consultation have been evaluated and the final Equality Impact Assessment completed, a further report will be prepared for the relevant key officer incorporating a final recommended proposal. This will include an assessment of the implications of the proposal on directly affected organisations which will be taken into account in making a final decision by the Chief Strategy Officer following consultation with the Leader of the Council. Proposals in the report may be varied as a result of information collated during the consultation period.
20.	In relation to grant funding it is proposed that the focus will be on community development, prevention and early intervention approaches. We will also encourage bids that can contribute and or deliver the recommendations of the Fairness Commission.
	Participatory Budgeting
21.	Participatory budgeting gives residents the opportunity to spend money in the way they wish. It is based on the view that a community knows its own needs and if it chooses where the funding goes, it gives people ownership. In 2007 Thornhill Plus You (TPY) established a pilot on participatory budgeting for distributing health funding of £50,000 for resident led delivery of health objectives of the local TPY programme. The experience shows that local people have valued this approach and local groups feel empowered to bid for money and manage health related projects. A central objective of the pilot was to ensure that all participants were clear about the processes for applying for funding, about voting and the overall decision making process. It has strengthened partnership working between local residents, agencies and the voluntary sector. Over the years, it has encouraged the involvement of local residents in designing projects applications and local communities take on responsibility for improving their own health and

	wellbeing.
22.	<p>The proposal is to extend this approach to other areas of the city in a targeted manner and to seek established voluntary and community sector partners operating in the areas to manage the process and allocation of funding. Particular consideration has been given to the small areas of greater deprivation in the city with a view to empowering local residents in these areas to be able to influence small but significant changes. Targeting certain areas of the city will not restrict residents from other areas from applying for money and this is the case in the current TPY participatory budgeting programme. The areas are identified in Appendix 1 and will be:</p> <ul style="list-style-type: none"> • Thornhill Plus You plus the Harefield estate, defined area in Sholing around Sullivan Road and the Merryoak estate (and this will be rolled out with City Council funding from 2019/20 when the current funding comes to an end). • A defined area within the Bevois and Bargate wards to include Northam and Golden Grove estates. • The SRB 6 areas covering specific parts of Millbrook, Redbridge, Maybush and Coxford.
23.	<p>The proposal is to provide an annual participatory budget of £50,000 to the two new areas from April 2017 and to continue funding for the Thornhill area with the extended boundaries from April 2019 when the current funding from Health expires.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
24.	<p>The total City Council spend across all Portfolios as investment in the voluntary sector is over £20M. This consists of a number of grants and contracts providing a range of services which form part of a proposed work programme over the next 2 years.</p>
25.	<p>Over the 2 year period, we will be considering a number of recommendations in order to deliver redesigned services which could result in reshaping and re-tendering of current grants and contract arrangements. The detailed capital and revenue implications will be considered against each recommendations with separate reports as necessary.</p>
<u>Property/Other</u>	
26.	<p>There are no property implications.</p>
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
27.	<p>The legal power for the Council to establish, administer and make awards from the various grant funds as described in this report is provided by the Localism Act 2011. Subject to certain statutory restrictions, none of which apply in this case, Section 1 gives the Council “power to do anything that individuals may do”</p>

Other Legal Implications:

28. Section 149(1) of the Equalities Act 2010 (the 'Public Sector Equality Duty') places a statutory duty on the Council to 'have due regard' when exercising its functions to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
29. For the purposes of Section 149 the relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Section 149(6) recognises that compliance with the Section 149 duties may involve treating some persons more favourably than others. However, this does not to permit conduct that would otherwise be prohibited by or under the Act. Section 158 provides that if the Council reasonably thinks that:
- (a) persons who share a protected characteristic suffer a disadvantage connected to the characteristic,
 - (b) persons who share a protected characteristic have needs that are different from the needs of persons who do not share it, or
 - (c) participation in an activity by persons who share a protected characteristic is disproportionately low, then the Act does not prohibit the Council from taking any action which is a proportionate means of achieving the aim of:
 - (i) enabling or encouraging persons who share the protected characteristic to overcome or minimise that disadvantage,
 - (ii) meeting those needs, or
 - (iii) enabling or encouraging persons who share the protected characteristic to participate in that activity
30. Equality and Safety Impact Assessments have commenced in relation to grant-aided services and will be updated and completed as part of the consultation exercise in order to inform final recommendations. The proposed consultation and resulting updated assessment is intended to enable the decision makers to consider the impact and public response to the proposals and any alternative proposals raised. The product of this consultation must be conscientiously taken into account when the ultimate decision is made.
31. The decision maker must also have due regard to the likely effect of the proposals on, and the need to do all that it reasonably can to prevent, crime and disorder, the misuse of drugs, alcohol and other substances and reoffending in its area (Section 17 of the Crime and Disorder Act 1998).

POLICY FRAMEWORK IMPLICATIONS

32. The recommendations in this paper support the delivery of the Sustainable Community Strategy (City Strategy), the new Council Strategy 2016-2020 approved in September 2016, key partnership strategies such as the safe City Strategy and the Health and Wellbeing Strategy as well as Level 1 strategies of the Council.

33.	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.
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KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	All	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Maps of 3 proposed areas for participatory budgeting	
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?		No
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)
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