

PART A

Report to: Cabinet
Date of meeting: 5th December 2011
Report of: Head of Community Services
Title: Review of three year grant funding programme to achieve savings

1.0 SUMMARY

1.1 At the Full Council meeting on the 26th January 2011, as part of a package of savings identified within the Service Prioritisation programme, it was agreed that the budgets for the provision of voluntary sector grants would be reduced by £280,740, approximately 23% of the overall budget, for the financial year 2012/13. This was necessary in view of the Council's challenging overall savings target of £5 million, approximately 30% of its annual budget.

1.2 A consultation process was undertaken during summer 2011 with all 14 of the grant funded organisations that would be affected by this decision. Officers have subsequently analysed the information received and undertaken equality impact analyses and performance assessments. This report contains the results of that work and recommendations for members consideration that will significantly achieve the target funding reduction figure but not in total.

1.3 In all cases where savings have been identified by organisations these have been accepted. In addition the recommendations include a complete withdrawal of grant aid from three organisations, a 50% reduction in funding to a further one and smaller % savings from organisations where officers have identified capacity to achieve them. The recommendations are still £20,000 short of the overall saving target but officers are of the opinion that any further reductions at this time would not be sustainable.

2.0 RECOMMENDATIONS

2.1 That Cabinet is recommended to consider the information in the report and in the attached analysis in Appendix B and the officer recommendations as summarised in Appendix A and make decisions on the funding for 2012/13.

2.2 That Cabinet is recommended to approve the mitigating actions identified in paragraph 3.15 to support those organisations whose funding is being ceased.

2.3 That Cabinet is asked to delegate authority to the Portfolio Holder and Head of

Community Services to make any subsequent decisions required in relation to

- the actions needed to re-commission alternative service provision where necessary;
- decisions required on the use of set aside funds as identified in 3.15
- setting the eligibility criteria for the small grants programme
- decisions required in relation to making reasonable adjustments to the profile of the savings targets should this become necessary during implementation.

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Report approved by: Cate Hall Executive Director - Services

3.0 DETAILED PROPOSAL

- 3.1 In December 2010, Community Services wrote to all 14 grant funded organisations to inform them of the council's proposal to reduce the overall council funding to the voluntary sector by 20-25% in financial year 2012/13. This proposal went to Cabinet on 13 December 2010 and was approved at Full Council on 26 January 2011. The proposal identified a figure of £280,740 from the grant and property budgets that support key voluntary sector partners through the Voluntary Sector Funding programme. This is equivalent to approximately 23% of the overall budget of approximately £1.2million.
- 3.2 To achieve this target it is necessary to make some difficult decisions that will impact on the council's voluntary sector partners and the individuals and communities they serve. As a result, a full consultation has been undertaken on the process to be adopted to inform the decision making. An equality impact analysis has been undertaken, which has been informed by feedback obtained from service users by the service provider organisations.
- 3.3. The voluntary sector funding programme budget of £1.2m consists of:
- a) Annual Fund
 - b) Mayor's Fund
 - c) Three year grant funding programme
- 3.4 The Annual Fund budget is £50,000 and the Mayor's Fund budget is £50,000. These budgets fund small one off grants to organisations to enable specific project work to be undertaken to meet community and Council priorities. If these budgets are reduced they will not have an immediate impact on individuals, communities or organisations as they are subject to a bidding process. A reduction in these funds for 2012-13 will, however, limit the funding available and, therefore, will reduce grant support available. The Council in its consultation proposed to:
- overall reduce the budget by 50%
 - amalgamate the two funds
 - redefine the criteria for application

No negative comments were received in relation to this proposal.

Officers recommend that this saving proposal is adopted as it will achieve a £50,000 contribution to the budget reduction figure without an immediate or direct impact on service users leaving £230,740 savings still to be found.

3.5 Preferred Recipients

The three year grant funding programme is distributed amongst 14 organisations, three of whom were designated under the current Commissioning Framework as "preferred recipient organisations".

These three organisations support key priorities of the council through the grant programme including cultural activities, infrastructure support and advice services.

In the consultation, the Council confirmed it intends to both maintain the commitment

to “preferred recipients” and continue funding during 2012-13 for the following reasons

- a. The Watford Palace Theatre – is a key delivery partner in the cultural renaissance of the town
- b. Watford’s Council for Voluntary Services – provides support to the wide range of voluntary organisations in the town and maintains and develops a thriving community centre
- c. Citizens Advice Bureau – provides a generic advice services town-wide to all its citizens, particularly those in greatest need of support.

Despite the preferred status, it was decided to ask these organisations if they could identify any efficiency savings.

The Palace Theatre did not offer a saving but demonstrated a number of significant new areas of work they are now delivering for the town within the same overall grant. These include the organisation and production of Imagine Watford with an estimated cost to the Palace of £15k, plus in kind contribution valued at £20k; investment in the equipment to show 250-300 film screenings a year in advance of a new cinema envisaged in the redevelopment of Charter Place; subsidising annual celebrations for a wide range of communities including Diwali, Eid, Vaisakhi, Chinese New Year and Black History Month. The theatre has also gone through a major cost cutting exercise in the last three years which have reduced overheads in total by 12% but have increased turnover and the range of activity by 17%. Staff numbers have been reduced e.g. senior management team from 7 to 4 and restrictions on pay increases have taken place.

Watford CVS has identified a saving of 10% (£9,774) which is split 50/50 between efficiencies and income generation. This will have minimal impact on service delivery and the move to Holywell has given the CVS an opportunity for income generating possibilities not available to it before.

For the CAB, there has been a renegotiation of the rent on its premises resulting in an agreed reduction in the amount payable to the council. This has provided for a saving of 5.7% (£12,929) in the overall grant required but no impact on service provision.

- 3.6 All groups were asked to try and identify efficiency savings in the region of 10% to seek to reduce the impact of compulsory reductions. In order to provide support a two year post of Voluntary Sector Resilience Officer, employed by the CVS, has been funded from reserves. The postholder has assisted organisations to review their future business plans and identify ways to achieve savings in the next financial year as well as develop an approach to the ending of the current three year grant funding programme on the 31st March 2013.
- 3.7 Not all organisations offered savings. The amount of savings achieved from those that volunteered was in the region of £58,000. This left a short fall of £173,000 still to be achieved. Officers’ analysis indicated that there was some scope for savings from those organisations that did not submit proposals. Recommendations for an appropriate saving have been summarised in the recommendation in the table at Appendix A. This additional amount of approximately £12,000 still left a significant shortfall of £161,000 to be found.
- 3.8 The consultation identified that, in the likely event that insufficient savings would be

identified from voluntary proposals, the Council would consider, in relation to each of the organisations, one of four options

- a. Cease all funding from 1st April 2012
- b. Accept an offer of an efficiency saving on their 2012/13 final year budget
- c. Require the organisation to redesign their service to support a significant cut in grant in excess of any efficiency savings offered on their 2012/13 final year budget
- d. Require the organisation to provide additional services through a redesign of their service

As each service requires a decision to be made the Council undertook to consider the following key elements when forming their judgements and reaching their decisions.

- **Impact on service users/clients**
- **Performance**
- **Alternative Service provision/duplication**
- **Single interest groups**

3.9 The information in the consultation documents relating to these four criteria were as detailed below:

Impact on service users/clients

The Council will be undertaking an impact assessment and there will be two elements to the impact assessment.

- i.) Service providers will be supported to seek the views of a range of their service users using a standard template to ensure consistent information on the impact of service withdrawal is obtained. This feedback will then be incorporated into the over arching assessment
- ii.) The Council will undertake its own over-arching assessment of comparative impact taking into account its priorities and awareness of users needs.

This evidence will then inform the decision making process.

3.10 This impact analysis has been undertaken by officers on each individual organisation assuming a worse case scenario of a 100% funding cut. The outcome has informed the recommendations made by officers in the attached tables at Appendix A and B. These final recommendations are now being incorporated into an over-arching analysis on the funding decisions being recommended and will be further analysed and adjusted in the light of the decisions made by Cabinet.

3.11 Performance

All current grant recipients are subject to monitoring of their service delivery performance. Officers have undertaken a performance assessment based on all the current monitoring information and visits undertaken, the outcome of which has formed part of the decision making process. Key aspects of the service performance assessment relate to:

- Value for Money
- Performance in relation to delivery of their service specification
- Quality assurance - where appropriate

This information has then been used to inform the recommendations made by officers in the attached tables at Appendix A and B

3.12 **Alternative Service provision/duplication**

The Council will take into consideration issues that indicate an element of duplication of service or where alternative service provision could be more cost effectively achieved. The Council is also aware of the need to move towards a rationalisation of service provision and opportunities to do so may influence the decision making process.

Officers have taken account of this when reaching the recommendations made in the attached tables at Appendix A and B.

3.13 **Single Interest Groups**

There are a number of groups that cater for specific communities and there is a need to review whether or not the initial principles for supporting individual communities of interest are as valid today as they were in the past. This is particularly relevant in the light of the general move to more integration into mainstream services, government changes in equality legislation and issues of community cohesion. This will inform the decision making process, having taken account of the outcome of equality impact assessments.

Officers have taken account of this when reaching the recommendations made in the attached tables at Appendix A and B

- 3.14 Attached as Appendix B is the summary analysis of the detail that has led to the officers recommendations that appear as Appendix A. All of the organisations have received a copy of their own analysis and are being given the opportunity to respond to that ahead of the Cabinet meeting. The feedback received will be reported to Cabinet.

Where recommendations will have a severe impact on an organisation, they are being offered the opportunity to meet with the Head of Community Services and Commissioning Manager to discuss the recommendations, the outcome of which will also be reported at the Cabinet meeting.

Appendix A contains the recommendations that Cabinet are asked to consider. The savings are in the range of 5.7% to complete ceasing of funding for three organisations

3.15 **Mitigation measures where grant aid is recommended for substantial or complete withdrawal**

The three organisations that are recommended for complete withdrawal of funding are Multi-Cultural Community Centre, Watford African Caribbean Association and Muslim Community Project. In addition it is recommended to reduce funding to Watford

Women's Centre by 50%. One of the main reasons for this is the move away from supporting single interest groups where other provision is available or can be made available as well as lower performance in two of the four cases.

In each of these cases there are proposals to mitigate the impact. Every organisation has an offer of some dedicated support from the Resilience Officer to re-examine their business plans and to work with them on securing more cost efficient service delivery. They will also be allowed to use their final quarter grant for 2011/12 to meet any redundancy and other wind down costs. The use of the last quarter grant will need to be agreed with the council.

The detailed analysis of each organisation and the reasons for the recommendations are set out in Appendix B but the information below highlights the impacts and mitigation for each of the services:

Multi-Cultural Community Centre

The main service is that of a hall for hire. The Equality Impact Assessment (EIA) concluded that there would be some impact from the withdrawal of grant if the organisation decided not to continue its activities. For this reason it is recommended that £20,000 be set aside to either commission an appropriate organisation to continue to make the hall available for hire during 2012-13 or alternatively to provide support to the organisation to create a more collaborative and sustainable future for the centre by securing improvements to the building enabling better use of the facility, subject to a programme of improvement agreed between the organisation and the council.

Watford African Caribbean Association

The council's grant provides primarily for core costs whilst the activities the organisation provides are funded by other agencies. In order not to destabilise the organisation's other funding it is recommended that £20,000 is set aside to assist the organisation to make the transition to an alternative model. The EIA assessed the impact of this as minimal on the basis that the activities are funded by other organisations.

Muslim Community Project

The main service is advice on benefits, housing, employment and on passports, visas, immigration etc. The EIA identified that there would be some impact on service users but that most should be able to access similar services elsewhere in the town. The impact was such, however, that it is recommended that £30,000 is set aside to commission the CAB to provide additional services to accommodate users of the MCP including the provision of Office of the Immigration Services Commissioner (OISC) Level 1 (basic immigration advice and services)

Watford Women's Centre

The main services include support for women in crisis; counselling; information, advice and guidance; volunteering and ESOL classes. The EIA highlighted that should the individual support and counselling provided be withdrawn, particularly for women who are experiencing domestic violence, then this would have a severe impact. For the other services provided there is alternative provision, albeit not under the same roof. For this reason it is recommended that the organisation's grant is reduced by 50% which will enable it to regroup and continue to provide a service for those women who are experiencing domestic violence.

3.16 **Future funding of the Voluntary Sector and community groups**

All organisations were made aware during the consultation process and in addition a letter has been sent and acknowledged by the Chairs of Trustees and Management Boards that the existing three year funding programme ends on the 31st March 2013. The Council has made clear that during 2012/13 it will be reviewing grant funding to voluntary sector organisations and examining all the aspects of support that is provided across the Council's services. This review will form the foundation of a new Commissioning Framework that will clearly define how the Council intends to engage with the voluntary sector in the future. The review will be subject to consultation with our community, partners, stakeholders, residents, voluntary sector organisations etc.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Head of Strategic Finance comments that the Council has to reduce its current levels of expenditure by circa 30% (after allowing for inflation) in order to meet Central Government grant reductions. Regrettably support to the voluntary sector cannot be immune from these necessary savings and a 23% expenditure reduction target had been set. The conclusions within this report is that circa £261k of reductions are achievable with a residual £20k shortfall not being met. This is an exceptionally good performance against a background of communities all being affected by retrenchment in the wider economy. This shortfall will be reviewed as part of the ongoing review into the Council's finances. In the short term the £20k can be drawn down from reserves although alternative sources of savings will continue to be identified.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Property Services comments that Members need to have regard to the results of the consultation and the Council's duties under the Equalities Act 2010 when making their decisions. The impact is set out in more detail in appendix B

4.3 **Equalities**

4.3.1 As explained in the body of the report at para 3.9 and 3.10 organisations were pro-actively engaged in consultation with their service users and given an opportunity to feed in any additional material to support our Equality Impact Analysis. Data was also extracted from the services regular monitoring information and consultation took place with colleagues in relation to other local and national data that would inform our analysis.

It has been identified during the process of analysis that there would be potentially detrimental impacts on some service users who fall into the protected characteristics under the Equalities Act 2010 and where this has been identified proposals have been put forward to mitigate those potential impacts where it was considered to have a

severe or significant impact.

Analysis has taken place at three levels

- Initial analysis assuming a worse case scenario of a 100% funding cut for each organisation, the outcome of which informed the proposals for mitigation
- An over-arching analysis in the light of the final list of recommendations which have highlighted areas for re-investment and support to mitigate those risks
- A final stage when the Cabinet decision is known when any changes to the recommendations will be examined to ensure mitigation is still appropriate or needs adjustment

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
Savings will not be achieved	2	4	8
Funding cuts will impact detrimentally on at risk service users	2	4	8
Actions taken to mitigate the risks identified above include <ul style="list-style-type: none"> ▪ Detailed consultation with affected organisations and their service users and the provision of support through the Resilience Officer post ▪ Actions identified to mitigate the risks of the impact on service users which include maintaining some funding to re-commission elements of the service 			

4.5 **Staffing**

4.5.1 No immediate staffing impact for the Council identified but some organisations may have staffing cuts to make in order to respond to any change in funding.

4.6 **Accommodation**

4.6.1 Some of the grant funded organisations occupy premises leased to them by the Council. Where the funding proposals impact on those organisations Property Services and Community Service will work together with the organisations to address any property related issues that are impacted on.

4.7 **Community Safety**

4.7.1 Some of the organisations affected provide services that support a reduction in anti social behaviour but there are no specific Community Safety issues identified as a result of this report.

4.8 **Sustainability**

4.8.1 Some of the organisations affected provide services that support improvements in carbon management and climate change but there are no specific sustainability issues identified as a result of this report.

Appendices

- Appendix A. Recommended savings options table
- Appendix B Organisation Analysis table

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report

- Third Sector Funding Commissioning Framework
- Consultation papers submitted by the 14 consulted organisations
- Voluntary sector funding review Consultation pack

File Reference

- None.