

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

DATE 28TH OCTOBER 2010

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION

**Access and Communities – Lead Cabinet Member – Cllr. Coleman
Regeneration and Transport – Lead Cabinet Member – Cllr. Cook**

SUPPORT FOR THE VOLUNTARY AND COMMUNITY SECTOR

1. Summary

This report sets out the package of support Stockton Borough Council is proposing to make available to the voluntary and community sector.

It presents the principle and detail of the Voluntary Sector Investment Fund as a replacement for the Voluntary Sector Support Fund (VSSF). Following a review of the VSSF presented to Cabinet in November 2009 and the recommendations contained within the Cabinet report and independent voluntary and community sector organisation were commissioned, as requested by the sector and approved by Cabinet, to consider the outcomes from the review of the VSSF and develop an alternative model.

The proposed model changes the nature of the fund from a grant giving fund to an investment fund which will help deliver the Third Sector Strategy and develop a more sustainable and thriving third sector in Stockton that is well placed to access future commissioning opportunities and external grants.

It also presents details of a complementary fund; the Stockton Community Fund, to be created by using under-utilised and dormant trust funds through an arrangement agreed by the Charities Commission.

Together these two funds provide a cohesive package of financial support to the voluntary and community sector within the borough that supports the delivery of the Cabinet endorsed Third Sector Strategy and helps to ensure a vibrant and sustainable sector for the future.

Other aspects of the package of support include:

- Community Asset Transfer principles (to be approved at a future Cabinet).
- Development of a 'bid bank' holding general and demographic information that organisations can use to support bids to external organisations.
- Participation in, and promotion of, the government-backed rate relief scheme for charitable organisations.

- Commissioning of a Community Empowerment Network function (£100k) - specification to be co-produced in partnership with Catalyst.

2. Recommendations

1. Cabinet approve the principle and approach to changing the Voluntary Sector Support Fund to the Stockton Voluntary and Community Sector Investment Fund.
2. Cabinet approve the principle and approach to creating the Stockton Community Fund from redundant and under-utilised trust funds in agreement with the Charities Commission.
3. Cabinet note the wider package of support to the voluntary and community sector.

3. Reasons for the Recommendations/Decision(s)

- Completion of a recommendation from the Cabinet report on the VSSF from November 2009.
- Clearly identifies the Council's contribution to the delivery of the Third Sector Strategy.
- Provides more clarity to the sector on what support is available from the Council.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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2. Recommendations

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DETAIL

The Stockton Voluntary and Community Investment Fund (SVCIF)

3. The review of the Voluntary Sector Support Fund agreed by Cabinet on 26th November 2009 recommended an independent review be undertaken of the fund with the aim of it being used to best effect in terms of achieving its core purpose of supporting the development and sustainability of the voluntary and community sector across the Borough and in order to give further transparency to the fund.
4. Funding allocations from the fund for 2010-11 were agreed by Cabinet for one year only.
5. Acumen Community Development Trust were commissioned to undertake the work against a number of core objectives identified by the Council from the review:
 - Support the consolidation of the Borough's strategic infrastructure
 - Provide a more flexible fund
 - Help to measure the contribution of the third sector to the achievement of the Borough's strategic objectives set out in the Sustainable Community Strategy
6. Catalyst are currently working to baseline and map the voluntary and community sector in the Borough which will be valuable in supporting decision-making against the new fund.
7. Following consultation with a number of key stakeholders, reviewing the findings from the consultation on the VSSF and knowledge of practice elsewhere, the model attached at Appendix 1 was developed.
8. The model moves the funding from being a grant pot to an investment model which will help ensure the viability and sustainability of a voluntary and community sector in the Borough that is well placed to access the range of commissioning opportunities currently available within the public sector and those that could potentially emerge in the future. It will also help ensure they are better placed to access external grant funds. Discussions will take place with key commissioners to identify potential areas of commissioning that VCS organisations may want to consider preparing for.
9. A number of consultation events were held across the Borough and invites issued to:
 - Existing beneficiaries of the VSSF
 - Catalyst member organisations and their wider contacts list
 - Stockton Residents and Community Groups organisations contacts list

10. Feedback overall was positive in terms of supporting the principle of an investment fund supported by a community fund for smaller grants. There were some questions relating to the process in terms of eligibility criteria, decision-making and timescale which have informed the proposals set out in Appendix 2. A number of comments related to support for SRCGA and the ongoing need for smaller resident and community groups to have access to practical advice and help. It is proposed that this type of support is included within the specification for the Community Empowerment Network.
11. The proposed model removes the previous allocation of £31k to Catalyst from the investment pot in order that Catalyst retains its independent role, in line with its stated aims and objectives following its formal establishment agreed by Cabinet in 2007. A separate agreement will be developed with Catalyst in order that accountability can be demonstrated and will be subject to review.
12. The value of the investment fund for 2011-12 is £246,350. Funding beyond 2012 will be determined following the government settlement.
13. The value of the CEN commission is £100k for 2011-12. Funding beyond 2012 will be determined following the government settlement.
14. Acumen and Catalyst have commented favourably in relation to how SBC is proposing to support the sector in a way that helps ensure its viability and sustainability and have highlighted Stockton as an area of good practice. Appendix 3 provides a snapshot of the sort of issues being raised in other areas.
15. The Investment Fund model and process will be subject to monitoring, review and evaluation.

Stockton Community Fund

16. Alongside the investment fund it is proposed to establish a community fund in partnership with Tees Valley Community Foundation (TVCF), which is aimed at supporting grass roots community and voluntary groups to access sums up to the value of £500.
17. The fund will initially be 'pump primed' by liberating 'old money' for the direct benefit and support of projects and initiatives undertaken by qualifying groups across the borough who require support to make a difference to the lives of groups and individuals within their communities.
18. The fund would consist of 2 elements:
 - Endowment – created through liberating (via the Charities Commission) qualifying redundant and other trust funds managed by the Council to make them more effective. The proposed funds are identified at Appendix 4. The funding could potentially be added to through attracting 'new money' via matched funding available through the Grassroots Match Challenge and through identifying redundant trust and ineffective funds across the borough outside the local authority control under the BOOST initiative.
 - Distribution – to distribute the annual interest.

19. The Foundation would work to add value and increase the capacity of both elements of the fund through external funding streams and investments via the business community. A proven UK wide model operated by members of the Community Foundation Network in partnership with over 50 councils will be followed and has already identified in excess of £20million redundant/ineffective funds and created in excess of £1.3 million of increased capacity in local grant giving across the country.
20. The fund would be managed under a partnership or service level agreement which would include:
 - Securing the necessary Charities Commission approvals
 - Handling enquiries relating to the fund and signposting to alternatives where appropriate
 - Design application and monitoring documentation
 - Active promotion of the fund
 - Establishing and administering a local grants panel working to specific terms of reference (and provision of training where relevant)
 - Growing the fund
 - Production of an annual report
 - Managing the Charities Commission returns

FINANCIAL IMPLICATIONS

There are no financial implications in relation to the Investment Fund aspect of the report. Costs associated with the management of the Community Fund aspect are an initial set up fee which is a % of the fund value and is in line with fees for similar schemes elsewhere and an annual fixed management fee which is offset by the release of officer time currently managing and administering the various funds and the potential to create additional value to the fund.

LEGAL IMPLICATIONS

The legal implications associated with this report relate to the need for approval from the Charities Commission. Tees Valley Community Foundation have already successfully negotiated with the Commission on initiatives elsewhere and have secured an 'in principle' agreement from them for the Stockton Fund should Cabinet approve it. Legal Services have been involved in the discussions.

RISK ASSESSMENT

This report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

The report supports all themes within the Sustainable Community Strategy, particularly the Stronger Communities theme which relates to tackling the core priorities in the Sustainable Communities Strategy in partnership with local communities, encouraging community participation in developments and promoting cohesive communities and a vibrant third sector across the Borough.

There are no specific implications relating to Community Safety.

EQUALITIES IMPACT ASSESSMENT

This report has been subject to an Equality Impact Assessment and has been judged to have a positive impact. Equality impact assessments for approved projects will be required as part of the submission process. No remedial actions are required.

CONSULTATION INCLUDING WARD/COUNCILLORS

The strategy has been produced following discussion with the stakeholders identified in paragraph 9 and the Lead Cabinet Members.

Name of Contact Officer: Lesley King
Post Title: Head of Policy, Performance and Partnerships
Telephone No. 01642 527004
Email Address: Lesley.king@stockton.gov.uk

Education related? No

Background Papers

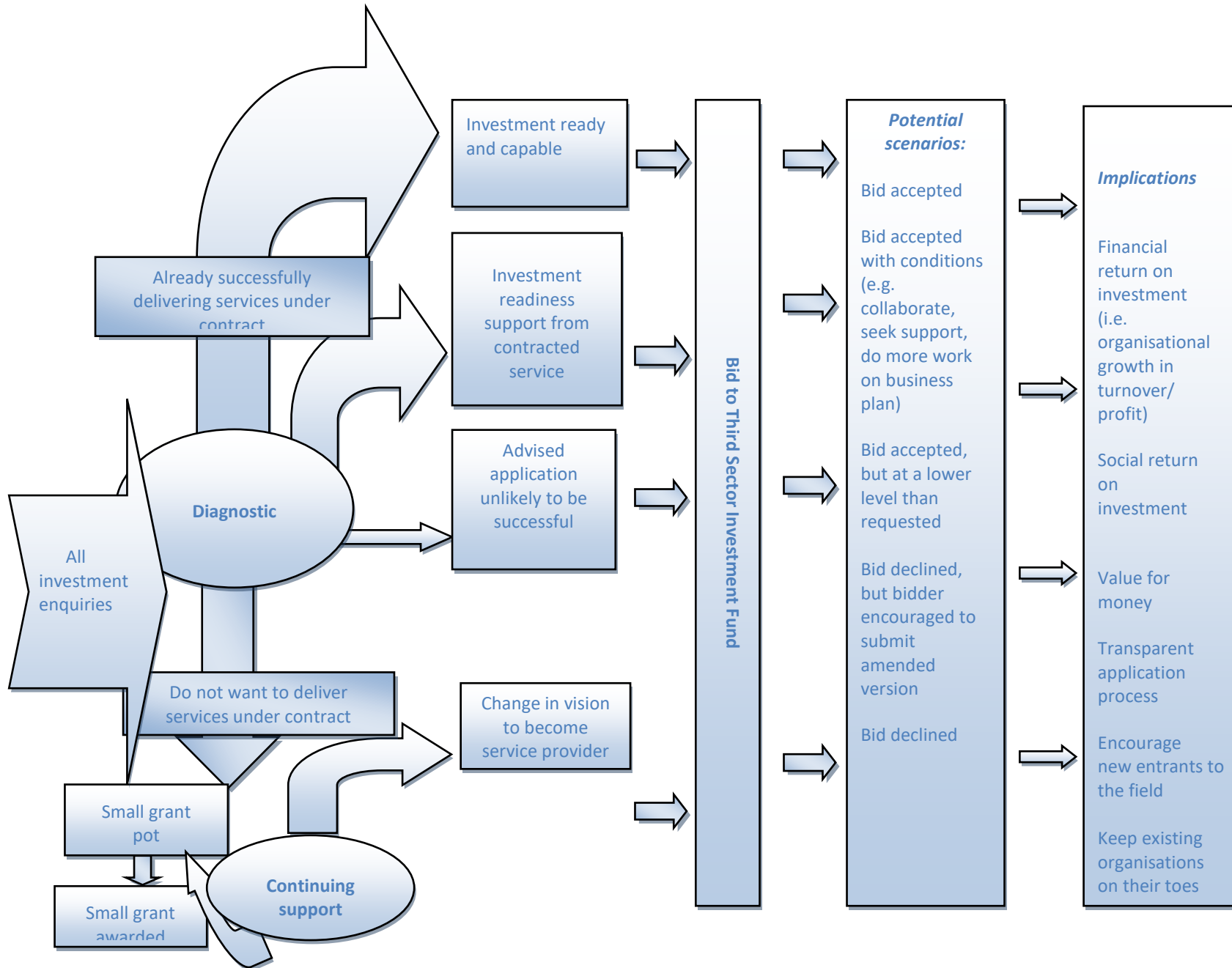
Report to Cabinet, 26 November 2009, Voluntary Sector Support Fund.

Ward(s) and Ward Councillors

Not ward specific

Property

None



Eligibility Criteria

The detail of the eligibility criteria are to be fully worked up drawing on advice and guidance from Acumen and feedback from the consultation but are likely to include criteria relating to:

- Geography i.e., only organisations that operate within the Borough or if external are prepared to partner to benefit an organisation within the Borough.
- Potential for additional investment to the organisation through increasing contract values secured, increase in turnover, increase in the quality of the organisation.
- Measures of success within submissions that relate to impact/outcomes
- Potential commissioning areas.
- Achieving the objectives within the Sustainable Community Strategy/Council Plan priorities.
- Is funding available from alternate sources.
- Value for money
- Social impact
- Minimum and maximum available
- Is it duplication of existing activity

Assessing submissions

It is proposed that an assessment panel comprised of Elected Members, Officers of the Council and representatives of successful social businesses should be formed. Catalysts role would be to service the panel by sifting bids against the agreed criteria and make recommendations to the panel. Outcomes from the process will be widely communicated.

The proposed panel is:

- SBC Cabinet Member
- Senior Officer from SBC Partnerships and Engagement Team
- Senior Officer from SBC Finance team
- 2 x Catalyst Board Members

Timescales

Stockton Voluntary and Community Sector Investment Fund

Eligibility criteria and submission process fully established	by end Nov 2010
Discussions with key commissioners to identify potential areas	by mid Dec. 2010
Fund launched	Mid Dec. 2010
Closing date for first round of submissions	Jan 31 st 2011
Catalyst 'diagnostic' review and recommendations	by Feb. 11 th 2011
Assessment Panel meets	w/c 14 th Feb. 2011
Notification to bidders	by 18 th Feb. 2011
SLA's/Partnership agreements developed and signed	by end March
2011	
Funds released	April 2011
Dates for 2 nd round of submissions notified	May 2011.

Stockton Community Fund

Approval secured from Charities Commission	by 5/11/10
Partnership and Service level agreement signed	by 12/11/10
Fund launched	Mid Dec. 2010
Assessment panel established	by end Jan. 2011
Panel meeting dates agreed	by end Jan. 2011
Funds released	April 2011

Community Empowerment Network specification

Review of existing specification and outcomes from monitoring	by end Oct. 2010
Research into good practice elsewhere	by end Nov. 2010
Specification developed	by end Dec. 2010
Invitations to tender issued	January 2011
Commission start date	1 st April 2011

Voluntary & Community sector cuts across the country

Norfolk cuts £1m from budget for voluntary sector contracts

Norfolk Council has cut £1m from its budget for purchasing services from the voluntary sector due to pressures caused by the current funding climate.

The council is cutting its spend on services provided by the voluntary sector from £14m to £13m. Norfolk has already invited organisations that deliver 69 of its voluntary sector contracts, worth £2.4m, to tender for new contracts totalling £1.4m as part of an open tender process.

<http://www.communitycare.co.uk/Articles/2010/02/08/113746/norfolk-cuts-1m-from-budget-for-voluntary-sector-contracts.htm>

Hammersmith and Fulham's voluntary sector raid

A couple of months ago, Tory Hammersmith and Fulham council voted to cut voluntary sector funding by 16%. The cut will be considerably more than that in real terms, because the council has stopped adjusting its voluntary sector fund for inflation.

The squeeze is due in the next three years – savings targets of £158,738 for 2010 to 2011, £284,772 for 2011 to 2012 and £257,481 for 2010 to 2013, with a total savings target of £700,791 by 2014.

<http://www.hangbitching.com/2010/09/hammersmith-and-fulhams-voluntary-sector-raid/>

Northumberland County Council propose drastic cuts to the area's voluntary and community sector budget

The cuts in Northumberland will amount to £300,000, part of the council's plan to slash £30million from its expenditure during the next financial year. The first casualties will be infrastructure bodies helping frontline organisations and groups helping victims of crime, leading to condemnation from local voluntary representatives.

The sector development officer at Community Action Northumberland, George Courtice, said the voluntary sector cuts were disproportionate to the overall cuts:

“On the face of it, the sector and its beneficiaries seem to be paying a disproportionate price for reducing the predicted funding gap. A £30 million saving on the total net Council budget of £285 million is 10.5%. However, a £300,000 reduction on the sector budget is nearly twice that at 20%.”

http://www.interculturalarts.co.uk/index.php?option=com_content&view=article&id=121:northumberland-county-council-cuts-impact-voluntary-sector&catid=1:latest-news&Itemid=84

London Voluntary Sector Reveals Extent of Funding Cuts, (13/09/2010)

A recent study by the London Voluntary Service Council (LVSC) found that the sector has been asked to make cuts totalling £50 million in the past 12 months.

LVSC conducted a survey of voluntary service councils from all 32 London boroughs to form a picture of the impact and breadth of funding cuts the sector has had to absorb over the past year.

The £50 million figure includes local authority cuts which have been passed onto community and voluntary groups.

<http://www.fundingcentral.org.uk/newsview.aspx?WCU=DSCODE=OTSSCMLIVE,NEWSITE MID=248-N8439>

Stockport Community and Voluntary Services closes after council withdraws funding

By John Plummer, Third Sector Online, 1 October 2010

Stockport Community and Voluntary Services closed last week with the loss of eight jobs. Trustees decided to wind up the support organisation after Stockport Metropolitan Borough Council withdrew £127,000 of funding.

In a statement, the CVS said it was working with the council and others "to find homes for services and staff that will allow limited services to continue".

It is hoped that this will result in six staff being transferred to other organisations.

A council spokesman said core funding for the CVS through its main grants scheme ended in March but had been extended.

<http://www.thirdsector.co.uk/channels/Governance/Article/1032554/Stockport-Community-Voluntary-Services-closes-council-withdraws-funding/>

Greenwich Council announces Voluntary Sector budget cuts

Greenwich Council have just announced that the Voluntary Sector Grant Budget, including for commissioned services, from 1st April 2011, **will not be more than 50% of the current level.**

<http://www.greenwich-cvs.org.uk/2010/07/06/greenwich-council-announces-voluntary-sector-grant-budget-cuts/>

Lambeth Council to cut voluntary sector funding for young people's services by up to a third

Lambeth Council has confirmed it plans to cut nearly £90m from its budget over the next five years.

As a result, up to 35 per cent of the funding for voluntary organisations supporting young people will be cut from January. A council spokesman said the authority was holding a consultation and was not yet able to say what the reductions would be for the voluntary sector overall.

Sheffield City Council - Budget cut announcements

Sheffield City Council has a £6.5 million reduction to its budget in this financial year and, on the 28 July, it approved proposals to make budget cuts across the Council.

A number of voluntary and community organisations, primarily those with Area Based Grant funding from the Children and Young People's (CYP) Service, have been given 6 months' notice that they will receive less funding than expected for this year. The CYP service had a larger proportion of ABG funding than other areas of the Council and it has been disproportionately affected as a result.

The Council carried out a very short consultation process with affected organisations, although it recognises this was inadequate and it is working on developing a consultation strategy with the VCS about future cuts.

<http://www.vas.org.uk/fundingcuts>

