

NORTH LINCOLNSHIRE COUNCIL

**CORPORATE & COMMUNITY SERVICES  
CABINET MEMBER**

**FUTURE VCS CORE FUNDING ARRANGEMENTS**

**1. OBJECT AND KEY POINTS OF THIS REPORT**

- 1.1. To consider revision to the current funding processes to the Voluntary and Community Sector (VCS).
- 1.2. The key points in this report are:
- The Council provides core financial support to five VCS organisations, the value achieved by this funding has been evaluated on a self assessment basis; the agreements to provide funding come to an end in March 2012.
  - This report contains proposals that will ensure that the Council's continuing financial support is allocated in a way that gives due regard to best value, transparency and inclusivity.
  - This report seeks approval for the recommendations

**2 BACKGROUND INFORMATION**

- 2.1 Central Government recently advised in the refresh of the national Compact that effective partnership between the Government and the VCS will help achieve the following outcomes:
- A strong, diverse and independent civil society;
  - Effective and transparent design and development of policies, programmes and public services;
  - Responsive and high-quality programmes and services;
  - Clear arrangements for managing changes to programmes and services; and
  - An equal and fair society
- 2.2 The provision of core funding to five VCS organisations by North Lincolnshire Council (NLC) is managed by the Stronger Communities Team. A breakdown of all of the funding managed by the team as of April 2011 can be seen at Appendix 1.
- 2.3 The organisations are:
- Citizens Advice Bureau (CAB)
  - Crosby Community Association (CCA)
  - Humber and Wolds Rural Community Council (HWRCC)
  - South Humber Racial Equality Council (SHREC)
  - Voluntary Action North Lincolnshire (VANL)
- 2.4 The funding is provided in two strands. In the case of VANL and HWRCC, coordination and support for all VCS organisations and, in the cases of the other organisations advice and guidance for local residents.

- 2.5 In addition VANL are provided with specific funding to provide a Volunteer Centre and CAB receives grant funding to provide advice and guidance specifically on employment and immigration issues.
- 2.6 The Stronger Communities Team also holds the budget for the provision of the Multi Faith Partnership (MFP). Consideration could be given to one of the VCS organisations leading on one of the streams being provided with funds, as part of the one of the proposed arrangements, to ensure that continuing support is provided to the MFP to allow it to meet its aims and objectives.
- 2.7 Four of the five organisations are based in central Scunthorpe; the three organisations that provide advice and guidance are all based within sight of each other on Oswald/Frodingham Road. CCA and VANL own their own buildings and HWRCC, SHREC and CAB rent council buildings; only HWRCC pay rent.
- 2.8 The present funding arrangements, with subsequent arrangements, began in 2004; the value achieved through this funding was evaluated on a self assessment basis. Following a value for money review by the Council in 2008 one of the organisations was provided with additional support and a funding agreement developed to encourage the further development of the organisations. Attached at appendix 2 are the outcomes that the council could use as a basis for any future funding arrangements to ensure that appropriate support is provided to the VCS whilst achieving value for money and a high quality service that helps the Council achieve its aims and statutory requirements.
- 2.9 On a number of occasions the Council has been approached by other VCS organisations requesting similar funding support for their organisations. Unfortunately there has been no process for these organisations to apply or tender for core funding. A robust, inclusive, open and transparent process would give all organisations an opportunity to access such funding, potentially develop capacity within the VCS sector. Moreover, an open and transparent application process would negate the need for individuals or organisations to lobby Councillors and Officers to access funds.
- 2.10 In partnership, the Council and the VCS have developed the North Lincolnshire Compact and North and North East Lincolnshire Funding and Procurement Good Practice Guide to ensure that North Lincolnshire can benefit fully from an appropriately supported and enabled VCS. These documents promote arrangements that are proportionate, consistent and transparent, promote accountability, focus on outcomes and also achieve best value.
- 2.11 Following discussions with the Council's Procurement Unit, it has been suggested that a revised funding allocation process could follow one of two models, either by way of a procurement regime or revised grant funding process, the preference being a grant allocation process drawing on procurement principles.
- 2.12 All of the organisations have paid staff but their delegated decision making powers are limited and they will have to communicate the process with their individual boards for them to make any decisions. As all of the boards will be made up of volunteers it takes longer to carry out this communication and elicit a decision.

2.13 To ensure quality standards and promote joint working and collaboration within the VCS, recent funding opportunities to the sector, such as the Transforming Local Infrastructure Fund, ask for a lead organisation to submit bids for funds on behalf of a consortium of groups.

2.14 By drawing together all of the funding provided through the Stronger Communities Team and following this example asking for a lead organisation for each strand of it's funding, the council could:

- Promote the development of shared services, including the use of buildings, both with other VCS groups and mainstream agencies such as the Council;
- Rationalise future reporting mechanisms;
- Ensure that provision meets appropriate quality standards;
- By the creation of a degree of economies of scale encourage more creative and innovative ways of utilising resources to:
  - attract external funding; and
  - increase their spending power, reducing overall costs
- Develop arrangements that have a strong emphasis on inclusivity for groups not currently involved in the delivery of services;
- Encourage better working relations between different groups through a mutual interest in the delivery of quality services(mediation guidelines could be included in any arrangements);
- Avoid duplication by creating clarity on who delivers what, where and to whom.

2.15 The funding arrangements for four of the five organisations came to an end on the 30 September 2011. To show its continuing support for the sector within available resources the council provided further funding for the period until the end of March 2012 to bring all of the funding arrangements into line.

2.16 The council's funding arrangement with SHREC states that any subsequent grant should be agreed 6 months before the current arrangement ends; SHREC's Equality Officer has recently contacted the council re future funding but no agreement has been made.

2.17 In August 2011 the council began its consultation process with the five organisations with a questionnaire. The responses have been forwarded to the Cabinet Member along with a summary. The next step in the consultation process will be an integrated impact assessment to begin in November 2011.

2.18 To encourage stability and allow for development within these organisations arrangements have usually been for a period of three years.

### **3 OPTIONS FOR CONSIDERATION**

3.1 Option 1 – that the present funding and reporting arrangements with the five VCS organisations are extended from April 2012 to March 2015 within the boundaries of the resources currently available.

3.2 Option 2 - that the present funding arrangements with the five VCS organisations are extended from April 2012 to March 2015 managed through a funding agreement that contains enhanced reporting arrangements within the boundaries of the resources currently available.

- 3.3 Option 3 - that procurement processes that are open to all VCS organisations begin to provide coordination and support to all VCS organisations and advice and guidance for local residents. To allow for proper development of any process the new arrangements, managed through a funding agreement, should run from the 1 October 2012 to the 31 March 2016 within the boundaries of the resources currently available.
- 3.4 Option 4 - that, following a revised grant application process that is open to all VCS organisations, grants be allocated to provide coordination and support for all VCS organisations and advice and guidance for local residents. To allow for proper development of any process the new arrangements, managed through a funding agreement, should run from the 1 October 2012 to the 31 March 2016 within the boundaries of the resources currently available.

#### **4 ANALYSIS OF OPTIONS**

- 4.1 Option 1 - For the reasons set out in this report this option would not encourage a fair and inclusive process. In addition an extension of present arrangements for 3 years would not allow the Council and VCS to fulfil their obligations with regards to best value, the national and local Compact and the procurement good practice guide.
- 4.2 Option 2 - Although the provision of a funding agreement to manage any arrangements that include enhanced reporting processes for the reasons set out in this report this option would not include a fair and inclusive process. In addition an extension of present arrangements for three years would not allow the Council and VCS to fulfil their obligations with regards to best value, the national and local Compact and the procurement good practice guide.
- 4.3 Option 3 - a procured process would be fair and inclusive and allow the Council and VCS to fulfil their obligations regarding best value, transparency and inclusivity. However, through this funding, the council is looking to support organisations that provide services and have objectives which complement the council's priorities rather than procure specific services. Therefore, in this instance, procurement is not the appropriate route as it would be an overly prescriptive and potentially inhibiting process for the VCS sector to engage in. Moreover, such process may restrict flexible service delivery by the VCS sector.
- 4.4 Option 4 - A revised grant funding process would be fair and inclusive and allow the Council and VCS to fulfil their obligations regarding best value, transparency and inclusivity and given the nature of the VCS sector is considered the most proportionate model.

However, professional advice is that the formulation of a revised grant funding process will require significant input from both the Council and the VCS sector and should include:

- An integrated impact assessment;
- Thorough consultation;
- Appropriate training and development of VCS organisations; and
- A project management approach.

As such it is considered that this work could not be carried out before the 1 April 2012 and that a further option could be to extend the present arrangements, enhanced by a robust monitoring regime and funding

agreement, for a further 6 months, as outlined in the table below, to allow for the process to be developed fully.

	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12
<b>Consult &amp; develop the Council's requirements</b>												
<b>Create the process</b>												
<b>Cabinet Member receives results of consultations and approves process</b>												
<b>Communicate the process to the sector</b>												
<b>Seek applications</b>												
<b>Evaluate applications</b>												
<b>Notice of Implementation</b>												
<b>Implement</b>												

## **5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 The Service employs a Voluntary Sector Relationship Manager who works closely with the five organisations who receive funding and, strategically, with other VCS organisations through the VCS Partnership.
- 5.2 The process will have financial implications as this will include consultation and support with and for the VCS but these will be minimised through the utilisation of council buildings and officers where practicable. Where this is not practicable we would look to utilise any facilities or resources the VCS has to ensure that any resources remain within North Lincolnshire.

## **6 OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

- 6.1 The Council would need to ensure that it complies with the Compact agreement and any requirements within the procurement guide to best practice.
- 6.2 An integrated impact assessment would need to be carried out to ensure that all relevant issues are taken into account to allow the best possible decisions to take place.
- 6.3 A strong communication plan would need to be developed as part of any project management arrangements.

## **7 OUTCOMES OF CONSULTATION**

- 7.1 The five organisations have recently completed a questionnaire about their utilisation of the present funding and the implication of any changes. Full versions of the returns were forwarded to the Cabinet Member previously.
- 7.2 The Council's Procurement Team have advised on the models available and will continue to provide advice on any process decided upon.

## **8 RECOMMENDATIONS**

- 8.1 That the Cabinet Member approves Option 4.
- 8.2 That the Cabinet Member, in line with paragraph 8.1, gives approval to the proposal to extend funding provision, within the boundaries of resources currently available, to the five VCS groups detailed in paragraph 2.3 for the period from the 1 April 2012 until the 1 October 2012.
- 8.3 That the Cabinet Member requires that the funding to each of the organisations will be settled in accordance with the Council's usual budgetary processes and will be subject to a revised funding arrangement.
- 8.4 That the Cabinet Members authorises appropriate consultation on these proposals will be carried out with organisations detailed in this report and the VCS in general.
- 8.5 And request that the Cabinet Member receives further reports on the matters detailed herein as appropriate.

### **DIRECTOR OF CORPORATE & COMMUNITY SERVICES**

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### **Background Papers used in the preparation of this report**

Department for Communities and Local Government – Best Value Statutory Guidance  
HM Government – The Compact  
North and North East Lincolnshire Funding and Procurement Code of Good Practice  
Better Together – A compact between the VCS and Public sector bodies in North Lincolnshire

## Appendix 1 Breakdown of funding 2011/12

### Total Funding

Organisation	Type of funding	Amount	Organisation Total
CCA	Core	40262	40262
CAB	Core	107281	128616
	Immigration	8500	
	Employment	12905	
HWRCC	Core	15878	15878
VANL	Core	95704	120704
	Volunteer Centre	25000	
SHREC	Core	25000	25000
Multi Faith Partnership	Project funding	12000	12000
<b>Total</b>		<b>342530</b>	<b>342530</b>

### Core funding

Organisation	Amount
CCA	40262
CAB	107281
HWRCC	15878
VANL	95704
SHREC	25000
<b>Total</b>	<b>284125</b>

Non Core Funding	Amount
CAB – Immigration	8500
CAB – Employment	12905
VANL – Volunteer Centre	25000
Multi Faith Partnership	12000
<b>Total</b>	<b>58405</b>

Funding by Strand	Amount
Providing support and coordination to the VCS	148582
Providing advice and guidance to community members	193948
<b>Total</b>	<b>342530</b>

## Appendix 2

### **VCS Infrastructure Outcomes**

The Council aims to ensure high quality infrastructure support to the VCS is provided equitably across North Lincolnshire recognising disadvantage and disaffection in all communities by:

- Development of the capacity of the VCS to assist organisations to help communities to help themselves with particular reference to organisations working with isolated and/or disadvantaged communities;
- Development of the capacity of the VCS to deliver services including, where appropriate, those currently delivered by mainstream organisations such as North Lincolnshire Council;
- Development and delivery of appropriate training and support to ensure that organisations are able to work as effectively as possible;
- Advice and support on funding issues;
- Effective ways for organisations to raise pertinent issues;
- Effective ways of getting pertinent information to organisations; and
- Representation of the views of organisations within North Lincolnshire to the Council and other relevant bodies and organisations.

These will be measured on a six monthly basis by the following outcomes:

- % increase in the number of organisations who carry out an assessment process as to their capacity, training and development needs;
- % increase in the number of organisations that achieve an appropriate quality standard (this could be the “Fit for...” standards as mentioned in North Lincolnshire’s Transforming Local Infrastructure fund bid);
- % increase in the number of successful funding bids carried out by North Lincolnshire organisations;
- % increase in the recruitment and retention of volunteers actively involved in their community.

### **VCS Welfare Advice Delivery Outcomes**

The Council aims to ensure that the delivery of high quality welfare advice to community members is provided equitably across North Lincolnshire recognising disadvantage and disaffection in all communities by:

- Provision of advice sessions at appropriate venues across North Lincolnshire;
- Development of new ways of working to ensure that there are no barriers to community members being able to access appropriate advice;
- Development and facilitation of training and support to ensure that all organisations providing advice work to the same quality standard; and
- Development of all advisors to ensure that the advice they give is of the highest quality achievable.

These will be measured on a six monthly basis by the following outcomes:

- % increase in the number of people who access advice;
- % increase in the number of service users who achieve an outcome satisfactory to them;
- % increase in the monetary value of monies recovered;
- Increase in the % of organisations who achieve and maintain agreed quality standards; and
- Increase in the % of advisors who achieve and maintain recognised standards.