

**COMMUNITIES POLICY DEVELOPMENT GROUP
27 SEPTEMBER 2016**

GRANT PAYMENTS TO EXTERNAL ORGANISATIONS 2017/18

Cabinet Member **Cllr C Slade**
Responsible Officer **Grants and Funding Officer Paul Tucker**

Reason for Report: To seek Member approval for the approach to Strategic Grant funding for 2017/18 to 2019/20.

RECOMMENDATIONS that:

- 1. The Museum of Mid Devon Life and Tiverton Tourism Information Service be moved from the grants budget to a separate tourism budget;**
- 2. Option 2, a commissioning approach to future grant allocations, should be adopted; and**
- 3. Grants to be paid on an annual basis for the duration of the 2015-2020 Corporate Plan.**

Relationship to Corporate Plan: The allocation of grants provides support to external agencies delivering services that advance the Council's corporate priorities. Grant allocations tend to be most closely aligned to the Economy, Homes and Community priorities.

Financial Implications: The scope of the report incorporates reviewing annual grant awards to ten external organisations providing eleven services. Both options on the proposed distribution of grant funding for 2017/18 contained within the body of the report offer the potential to realise further savings from the grants budget.

Risk Assessment: Decreases to selected agencies introduced within a short period of time may lead to closure of a valued service or have a negative impact on the activities and services provided to residents. It could also result in adverse publicity for the Council. Significant reductions in established grant allocations may risk a challenge from (a) external organisations under public law and/or (b) the Secretary of State for Communities and Local Government.

1.0 Introduction

- 1.1** The Council's Strategic Grants programme to external organisations has been operating for over ten years.
- 1.2.** The purpose of the programme is to provide grants towards core running costs in order to help underpin not-for-profit organisations providing services that help the Council achieve its strategic objectives, as set out in its Corporate Plan. This underpinning of strategic external partners enables

funded agencies to bid for project funding from other grant providers, which continues to be more accessible than grants towards core costs.

- 1.3 The awarding of grants to external agencies is a discretionary function of the Council. It has no statutory responsibility to provide a Strategic Grant programme.
- 1.4 Grant allocations since 2005 have broadly followed the overarching aim of the Council's former Grants and Funding Strategy 2005/6-2010/11 to reduce the number of grant recipients whilst ensuring allocations correlate closely to the Council's strategic priorities.
- 1.5 The Strategic Grant portfolio for 2016/17 is as follows:

Table 1 – Strategic Grant Allocations to External Organisations 2016/17

#	Agency	Grant awarded
1	Age UK Mid Devon	£ 4,000
2	Churches Housing Action Team (CHAT)	£ 5,000
3	Citizens Advice Bureau Mid Devon (CAB)	*£ 37,500
4	Community Housing Aid Night Stop Service	£ 2,000
5	Crediton Arts Centre	£ 1,000
6	Involve – Voluntary Action Mid Devon	£ 11,750
7	Market Centre Youth Drop-In	£ 2,750
8	Sunningmead Community Association	£ 375
9	Tiverton and District Community Transport (TDCTA)	**£ 22,000
10	Tiverton Museum of Mid Devon Life	£ 27,500
11	Tiverton Tourism Information Service (TIC)	***£ 4,000
Total		£117,875

Notes

* CAB: £14,500 is taken at source from the grant award to cover the cost of rental and services provided at its offices in Tiverton Town Hall and Crediton Town Hall.

** TDCTA: £5,600 of the grant allocation is held by the Council to cover the cost of rental space within the Phoenix Lane Car Park, Tiverton.

*** TIC: the Tourist Information Service is provided within and managed by the Tiverton Museum of Mid Devon Life.

- 1.6 The Council's annual contribution to the Grand Western Canal (£45,000) was removed from the Strategic Grants budget for 2016/17 and funded from the New Homes Bonus.
- 1.7 The Council acknowledges that all the external agencies funded through the Strategic Grants programme provide invaluable services in the district, often to its most vulnerable residents, and that the value of the Council's grant

often enables agencies to lever in additional funding.

- 1.8 Heads of Service have been asked to identify budget savings to help alleviate an anticipated further reduction in the Government's formula grant for 2017/18. Grants to external organisations have produced savings throughout the duration of the Strategic Grants programme in order to contribute to the setting of a balanced budget.
- 1.9 There is likely to be a continued expectation that additional reductions to the grants budget will be required to assist the Council's overall budget setting process.
- 1.10 This review of grant payments to external organisations for 2017/18 continues to enact the recommendations of the Community Well Being Policy Development Group of 21 July 2011 that:

“The Council review and reassess the overall grants budget, realigning grant allocations to fit more appropriately with the Council's strategic priorities”.
- 1.11 The Council's new Corporate Plan for the period 2015 to 2020 was approved in 2015. Its priorities place a greater emphasis on the development of the district's economy and a reduced emphasis on community and charitable organisations, proposing that such organisations should be pro-active in retaining and developing their local facilities and services. It should be noted that many community organisations make an important contribution to the local economy.
- 1.12 In September 2011 the Department for Communities and Local Government (DCLG) issued a Best Value Statutory Guidance setting out the Government's expectations for local authorities and community groups. The Best Value Statutory Guidance was revised in March 2015 and reiterates that authorities should:

“Seek to avoid passing on disproportionate reductions - by not passing on larger reductions to the voluntary and community sector and small businesses as a whole, than they take on themselves and in particular:

 - o An authority intending to reduce or end funding (where 'funding' means both grant funding and any fixed term contract) or other support to a voluntary and community organisation or small business should give at least three months' notice of the actual reductions to both the organisation involved and the public/service users;
 - o An authority should actively engage the organisation and service users as early as possible before making a decision on the future of the service, any knock-on effect on assets used to provide this service, and the wider impact on the local community;

o Authorities should make provision for the organisation, service users, and wider community to put forward options on how to reshape the service or project. Local authorities should assist this by making available all appropriate information, in line with the Government's transparency agenda.”

The revised guidance also states that:

“Best Value authorities are under a general Duty of Best Value to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”. Under the Duty of Best Value, therefore, authorities should consider overall value, including economic, environmental and social value, when reviewing service provision.”

- 1.13 The Council also has a duty to assess the impact of any reductions in funding to vulnerable groups under the Equality Act 2010. DCLG’s revised Best Value Statutory Guidance makes the following comment on the Equality Act 2010:

“Authorities should avoid gold-plating the Equality Act 2010 and should not impose contractual requirements on private and voluntary sector contractors, over and above the obligations in that Act. Local authorities should seek to remove unnecessary paperwork and obstacles to contract compliance thereby making it easier for small and medium firms and the voluntary sector to apply and bid for contracts, and lowering costs to taxpayers.”

2.0 2017/18 Grants Review

- 2.1 Strategic Grants to external organisations have been subject to an annual review since 2010/11 as the Council’s budget has become more constrained. Over the term of Strategic Grant awards, other programmes, such as Project and Seed Funding grants, which enabled agencies that had not previously received funding secure a grant to deliver new projects, have been discontinued as part of the authority’s need to identify savings and set a balanced budget.
- 2.2 The existing Strategic Grants programme is effectively a closed scheme that makes repeat and often diminishing annual grants to an established group of agencies delivering valuable services across the district. A list of all Strategic Grant allocations over the last five years is provided in Appendix 1.
- 2.3 All funded agencies are required to provide performance information for the previous year and acknowledge the Council’s support on their website and/or appropriate literature. Agencies have continued to comply with this request in a timely and consistent manner over many years and the detailed service information provided forms the basis of performance data presented to

Members each autumn.

- 2.4 With further budgetary reductions expected across all service areas, the Strategic Grants budget will be under pressure to identify additional savings for 2017/18 and beyond. This calls into question whether the Strategic Grants programme, in its present form, is sustainable.
- 2.5 Two options are presented for the continuation of grant payments. Each option is preceded by the relocation of grants to the Museum of Mid Devon Life and the Tourism Information Service to a specific tourism budget.
- 2.6 **The Museum of Mid Devon Life and Tiverton Tourism Information Service**

The 2016/17 grant to the Museum contributes towards the salary and on-costs of a full-time Museum Director, while the grant for the Tourism Information Service, which is accommodated within the Museum, helps provide an attractive and comprehensive tourism information service for Tiverton and its hinterland. The Tourism Information Service is subsidised by the Museum and its continued provision is presently dependent on the employment of a full-time Museum Director able to oversee its development and provide strategic direction.

Alongside the Grand Western Canal, the Museum is commonly perceived as one of the flagship tourist and cultural amenities in the district. In recent years, under the guidance of the current Director, it has won a number of awards that recognise the quality of the museum and its collections, including:

- o Winner for Small Attraction, 2015 at Visit Devon Tourism Awards (Bronze Award);
- o Winner for Access and Inclusivity, 2015 at Visit Devon Tourism Awards (Bronze Award);
- o Winner for Tourist Information Service, 2014 at Visit Devon Tourism Awards (Bronze Award); and
- o Winner for Small Visitor Attraction, 2013 at Visit Devon Tourism Awards (Gold Award).

Tiverton Museum was also listed as one of the top 20 family friendly museums in Britain by the Daily Telegraph in 2015.

In 2012/13 the District Council worked with the Museum to successfully relocate the Tourist Information Centre from Phoenix Lane. The tourism service has thrived under this arrangement and its continuation is an integral part of the Council's emerging Tourism Strategy.

The Council acknowledges that the professional guidance provided by the Museum Director is crucial to the ongoing development and increasing status of the museum and the accompanying tourism information service for Mid Devon. A reduction in funding may result in the loss of the Museum's accredited status and a resultant inability to sustain a tourism information function.

It is proposed that the Museum is accorded similar status to the Grand Western Canal as a flagship tourist attraction. The collective annual grant of £31,500 for the Museum and the Tourism Information Service should therefore be removed from the grants budget and placed in a separate tourism budget.

It is further proposed that this arrangement should be accompanied by a three-year service level agreement setting out the performance standards expected of each service, together with a built-in six monthly review and reporting mechanism for Communities PDG.

Such an arrangement would reduce the annual grants budget from £117,875 to £86,375.

2.7 Option 1 – Maintaining the Status Quo

An option available to the Council is to continue the incremental reductions in annual grant payments to the remaining eight agencies that will constitute the Strategic Grants portfolio for 2017/18, Sunningmead Community Association's grant having been removed from the portfolio by 1st April 2017.

The advantage of this approach is that it provides a measure of surety for established grant recipients and enables them to lever in additional resources from grant providers that recognise the Council's continued investment as security for agreeing an award.

The key disadvantage is that, ultimately, this is likely to be an unsustainable position for both the Council and funded community organisations as year on year reductions result in the available budget being spread ever more thinly. This approach may be considered as fundamentally unhelpful for agencies that have had adequate warning of the prevailing trend in MDDC funding and the need to diversify their income streams.

A further demerit of this option is that it does not test Best Value and prevents other agencies from applying to provide services that could represent better value for money to taxpayers.

2.8 **Option 2 – A Commissioning Approach**

Under this option, external agencies would be afforded the opportunity to bid to provide services that correspond to the Council's community and economic priorities as detailed in the 2015-2020 Corporate Plan.

Three essential service areas contribute significantly to both the economy and the well-being of the Mid Devon communities:

- (a) Welfare Advice and Information;
- (b) Community Transport; and
- (c) Support for community organisations.

2.9 **Welfare Advice and Information**

Welfare advice and information services are currently provided, to a greater or lesser degree, by four agencies on the Strategic Grants portfolio: Age UK Mid Devon, Churches Housing Action Team, the Citizens Advice Bureau and the Market Centre Youth Drop-In Centre.

The 2015/16 Annual Impact Report for Mid Devon provided by Torridge, North Mid and West Devon Citizen's Advice Bureau evidences that the value of income gained by clients to the economy of the district equated to £756,124 and that this was an increasing trend, up from £666,176 in the previous year.

A commissioning approach would enable the Council to contract welfare advice functions that complement its Benefits and Housing Services and ensure best value is achieved for the taxpayer.

2.10 **Community Transport Services**

Users of community transport include people of all ages, disabled people, unemployed people, people in communities that do not have access to public transport, children and young people as well as older people. Because community transport is embedded in the communities in which it operates, it is well placed to focus on very local needs and on one-to-one help, providing both choice and quality services.

Community transport is presently provided by Tiverton and District Community Transport Association across the entirety of the district, the Association having taken on the Crediton area provision when the Crediton and District Community Transport Company went into liquidation in 2013/14.

The value of Community Transport services to the economy is difficult to quantify and there are comparatively few research papers on the subject. A

2015 report by Transport Scotland surveyed Shopmobility users to ask how much they spent in towns during their visits. The net value to local businesses was estimated at between £200,000 and £250,000 each year.

Commissioning Community Transport services would allow the Council to establish its precise requirements and set these out in a contract with the selected provider.

2.11 Voluntary Sector Infrastructure Support

The Corporate Plan for the period 2015-2020 places an increased emphasis on business development and job creation in the district. Support for community organisations, while acknowledged, is a lesser priority and suggests that the charitable sector should be more self-reliant. Accordingly, the Council's Community Development and Regeneration team has changed its focus and is now titled the Economic Development and Regeneration service.

Over the last decade voluntary sector infrastructure services, such as project development, governance advice, training and securing funding have been provided by Involve – Voluntary Action in Mid Devon. During the last three years, however, its capacity has decreased markedly to the extent that it now provides a limited service that does not adequately meet the needs of the district's not-for-profit sector.

The National Council for Voluntary Organisations (NCVO) estimates that the voluntary sector contributes £11.7 billion to UK gross value added, equivalent to 0.8% of the whole of the UK Gross Value Added (GVA). When volunteering time is included, the value to the UK economy increases to £23.1 billion. In 2010 the voluntary sector workforce across the UK was 770,000 (2.7% of the workforce), broadly equivalent to the number of people employed in the restaurant and catering industry.

The community sector in Mid Devon is robust but facing significant challenges as grant funding decreases. Support is needed to enable the sector to adapt to more sustainable funding models. Commissioning a sector infrastructure agency to provide essential support services will help charities adapt to an increasingly challenging funding environment and ensure the continued health of the sector.

- 2.12 Using the grants budget to commission welfare advice, community transport and community sector support services will demonstrate the Council's commitment to joint working to encourage partnership in service delivery where this will also contribute to better services and customer-focused outcomes. It will encompass sustainable development that takes into account the social, economic and environmental impact of activities, while

encouraging both equal opportunities and the observance of equal opportunities requirements.

3.0 Next Steps

- 3.1 Should Option 1 (“Maintaining the Status Quo”) be adopted, the process is relatively straightforward and would largely consist of managing the level of grant reductions and the expectations of recipients as part of a phased procedure. This has been achieved in previous years and, providing transparent and open communication with funded agencies is maintained, should continue unhindered into 2017/18.
- 3.2 Option 2 (“A Commissioning Approach”) is a more challenging process that will require greater officer and Member input. If approved, all existing grant recipients would be notified that their Strategic Grant funding would cease on 31st March 2017. Officers have recently met with all funded agencies to advise them of the Council’s financial position and that grant support beyond the 2016/17 financial year cannot be guaranteed.

The indicative milestones for implementation of Option 2, designed to comply with DCLG’s Best Value Guidance of providing a period of consultation and three months’ notice to all funded agencies, is:

Table 2 – Indicative Milestones for the introduction of Commissioned Services from the Voluntary Sector

Step	Milestone	Date
1	Report goes to CWB PDG	27 September 2016
2	Report goes to Cabinet	17 October 2016
3	Consultation period commences	18 October 2016
4	Report goes to Council	Date to be confirmed
5	Consultation period concludes	30 November 2016
6	Grants Working Group meeting to review progress	12 December 2016
7	All agencies notified of changes to funding arrangements	By 31 December 2016
8	Officers draw up service specifications	December 2016
9	Tenders invited	January 2017
10	Presentations from selected providers	February/March 2017
11	Further discussions and negotiations with potential providers on service standards and performance indicators	April 2017
12	Contracts issued and signed off	April/May 2017
13	New arrangements implemented	May 2017
14	Year 1 6 month joint agency review	By 30 September 2017
15	Progress report to Communities PDG	October 2017

3.3 It is envisaged that contracts setting out performance indicators would be issued for a three-year period commencing 1 April 2017 and concluding on 31 March 2020, coinciding with the 2015-2020 Corporate Plan. Contracts would have a termination clause providing an appropriate notice period that could be enacted by either party. Joint agency reviews would be carried out at six-monthly intervals and regular update reports, which could include presentations by the selected service providers, given to the Communities PDG

4.0 Summary

4.1 This report considers the trajectory of Strategic Grant awards to external agencies over the last ten years. During that period, awards have been more targeted towards supporting the Council to achieve its strategic priorities. Over the same length of time, the total grant budget has reduced as savings have been sought to enable the Council to set a balanced budget and fewer agencies have been awarded grants.

4.2 The report suggests that the current pattern of year on year reductions to all Strategic Grant funded agencies is unsustainable and that 2017/18 represents an appropriate time to consider a fresh application to the Council's strategic deployment of the grants budget.

4.3 While recognising that one approach may be to continue to distribute reductions across the Strategic Grants portfolio, a second option of introducing a commissioning approach for the delivery of services that have an economic value to the district is presented.

4.4 The report also proposes that the intertwined grants to the Tiverton Museum of Mid Devon Life and the Tiverton Tourism Information Service are removed from the grants budget and placed in a separate tourism budget.

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Circulation of the report: Management Team, Cllr C Slade, Head of Communities and Governance, Head of Finance and Section 151 Officer, Community Development and Regeneration Manager.

Appendixes: Appendix 1 – Strategic Grant allocations 2012/13 to 2016/17