

CABINET

15 November 2006

REVIEW OF REVENUE GRANT PROCESSES

REPORT OF DIRECTOR OF COMMUNITIES

Contact Officer: Steve Lincoln Tel No: 01962 848110

RECENT REFERENCES:

CAB1200, 7 February 2006, 'Community Grants Revenue Awards 2006/07'

CAB1125, 12 October 2005, 'Community Revenue Grants – Review of Priorities'

EXECUTIVE SUMMARY:

The report considers a number of ways in which the Council's Revenue Grant process could be improved. It focuses particularly on links between the Corporate Strategy and the work of grant recipients, the meaning of key client status and improvements to the monitoring systems to incorporate an outcome based approach.

RECOMMENDATIONS:

- 1 That an Informal Member/Officer Group be established, as detailed in paragraph 2.5, to consider presentations from prospective key clients for the period 2007-2010 and make recommendations to Cabinet.
- 2 That the new SLA format shown in appendix 3 to this report is adopted for key clients from 2007/08.
- 3 That further investigation take place into the possibility of 3-year funding agreements for key client organisations, with the findings reported back to a future meeting of the Cabinet.

CABINET15 NOVEMBER 2006REVIEW OF REVENUE GRANT PROCESSESREPORT OF DIRECTOR OF COMMUNITIESDETAIL:1 Introduction

- 1.1 The Community Development Team works closely with the voluntary and community sector throughout the district. A significant level of grant support is provided, so we must constantly be reviewing our processes to ensure that the maximum benefit is gained from the grants that are awarded.
- 1.2 There are new Portfolio Holders following the change of administration and new officers in the posts of Community Development Manager and Partnership & External Funding Officer. This gives us the opportunity to review current ways of working and incorporate good practice that has been gained from experience in other posts and organisations.
- 1.3 A number of areas relating to the process are identified in the 2006/07 Business Plan as in need of development, review or a report back to Cabinet. These include:
- a) Grant service level agreements, particularly for key clients
 - b) Development of grant objectives for each recipient, linked to the Council's strategic priorities
 - c) Variances in some of our grant processes, with a view to aligning where possible.
- 1.4 A review of the Revenue Grant scheme priorities took place in October 2005 and it is felt that no further amendment is necessary for the 2007/08 programme.

2 Key Client Status

- 2.1 At present there are five organisations designated as key clients – Winchester Area Community Action (WACA), Winchester Citizens Advice Bureau, Bishops Waltham Citizens Advice Bureau, Trinity Winchester and the Hatfair.
- 2.2 The designation of these particular organisations as key clients is historic and is not based on clearly defined criteria. Also unclear is the implication of designation as a key client – what does it practically mean for both the recipient of the grant and for the City Council as grant giver?
- 2.3 The criteria for assessing which organisations will be designated as key clients should include:
- a) **Size of grant awarded.** Current levels are demonstrated in appendix 1(i).

- b) **Percentage of total income made up of City Council grant.** Those organisations that receive a significant proportion of their income by way of grant from the Council would be extremely vulnerable to any change in level of grant. Current percentages are demonstrated in appendix 1(ii).
- c) **Number of service users/beneficiaries.** These are demonstrated in appendix 1(iii), which shows that three of the five current key clients have large numbers of beneficiaries – Winchester CAB, Bishops Waltham CAB and the Hatfair. Of the other two, Trinity's numbers are low because the nature of the service means that a small number of users receive a high level of service. WACA demonstrates low numbers, but this is the number of groups and not individuals. Once this is equated to the numbers of members of the groups served by WACA the numbers are large, though almost impossible to quantify.
- d) **Impact of the service on users/beneficiaries.**
- e) **Importance in delivery of the Council's corporate priorities and the Community Strategy priorities.**

2.4 The ability of the organisations in question to meet criterion (e) above will be impossible to assess until the corporate and community priorities are finalised. It is felt that the best way to do this would be to invite selected organisations to present their case for recognition as a key client to members once priorities are approved. Members will then be able to make an assessment of the relative merits of the organisations in line with the new priorities.

2.5 It is recommended that an Informal Member/Officer Group be convened in December 2006 to receive presentations and make recommendations to Cabinet for the award of key client status to selected organisations for the period covering the life of the new corporate priorities – to 2010. It is proposed that the composition of the Panel be as follows:

- Portfolio Holder for Culture, Heritage and Sport (Chair)
- Portfolio Holder for Housing and Communities
- One elected member each from the Liberal Democrat, Labour and Independent Groups
- Two officers, to be nominated by the Director of Communities

2.6 The process for the consideration and allocation of revenue grants for 2007/08 would therefore look like this:

- (i) Application packs distributed – October 2006
- (ii) Deadline for submission of bids – November 2006
- (iii) Consideration of presentations from prospective key clients for the period 2007-2010 by Informal Member/Officer Group – December 2006. The Group to make recommendations upon selection to Cabinet.

- (iv) Assessment of bids by officers and Portfolio Holders – December 2006
- (v) Consideration of bids by projects based in Winchester by Town Forum – January 2007
- (vi) Allocation of revenue grants for 2007/08 by Cabinet – February 2007
- (vii) Negotiation of SLAs – March / April 2007

3 Service Level Agreements

- 3.1 The performance of organisations in receipt of a revenue grant is assessed against a service level agreement (SLA). These are agreed on an annual basis and are monitored after six months and again at the year's end. Currently all organisations - whether in receipt of £1,000 or £100,000 - have the same SLA. A copy of the current SLA format is shown in appendix 2.
- 3.2 The current format of SLA may be appropriate for the organisations receiving grants of £1,000 and upwards, but is inadequate for those receiving much larger grants and whose work is of vital importance in the delivery of key Council priorities. It is therefore proposed to introduce improved SLAs for the newly chosen key clients. A copy of the proposed SLA format for key clients is shown in appendix 3.
- 3.3 One change is to demonstrate in the SLA the links between the objectives of the organisation and the Council's corporate priorities (see section 1.3 of appendix 3).
- 3.4 The main change to the SLA proposed for key clients is the performance indicators. Most of the indicators shown in the old SLA are conditions rather than measurable indicators. The only one that is a true indicator is 'adherence to the business plan', but this is unclear and does not identify the elements that are of prime importance to the Council as a major funder. Whilst appropriate for recipients of smaller grants, this is not adequate for key clients. A broad set of indicators are suggested in the new SLA, which cover the following aspects of the organisation's service delivery:
 - (i) Quality assurance
 - (ii) User satisfaction
 - (iii) Complaints
 - (iv) Cost efficiency
 - (v) Number of users / beneficiaries
 - (vi) Business planning
 - (vii) Staff and volunteer training
 - (viii) Referrals and cross-agency working

Some of these elements may not be relevant to all key clients, so the final SLA would need to be adapted to suit the organisation in question.

4 Implications of designation as a key client

- 4.1 One implication of designation as a key client is that the organisation would be subject to a greater level of reporting and monitoring via the SLA, as explained in greater detail in section 3. This requires the organisation to be much more accountable to the Council so it is important that there are also clear benefits for them in achieving key client status. This would undoubtedly lead to potential implications for the Council that result from the designation of selected organisations as key clients and raises the following questions, which will need to be considered when allocating grants for 2007/08:
- a) Should applications awarded key client status be given priority over other existing clients?
 - b) Should key clients receive a fixed proportion of the total budget?
- 4.2 Although it would not seem prudent to support key clients at the expense of other organisations, the key client criteria suggested in section 2.3 identify those organisations that are providing services and which have a major impact upon the lives of residents. It could therefore be argued that to gain maximum benefit for residents the key client organisations are given the resources they require to deliver their services effectively.
- 4.3 Assuming that the overall grant budget will not increase (as has been the case in recent years) then greater pressure will be placed upon an already tight budget. The salary costs of the larger organisations increases each year, as employees are on a pay scale similar to that utilised by the Council. This means that, in real terms, the grant awarded has effectively been reduced each year. Consequently, key clients will have to start reducing their level of services on offer if grant levels continue to be frozen. In view of the contribution made by key clients towards the Council's key priorities it is important that the principle of annual salary increases for these organisations be considered, even if the funding for such increases has to be accommodated within the total budget available for revenue grants.
- 4.4 In 2006/07 the five key clients received a combined 76% of the total budget. It is not felt appropriate to fix an upper limit threshold, as this could restrict flexibility in future decision making. It is more appropriate for the circumstances each year to be considered on their own merits, with reference to the service and financial performance of the organisation, as well as the Council's progress in meeting its corporate priorities.

5 3-year funding agreements

- 5.1 One further implication that could arise from the designation of organisations as a key client is that of 3-year funding agreements rather than the annual agreements that exist at present.
- 5.2 A number of other Councils in Hampshire now enter into 3-year agreements with their key client organisations. This reflects the ability of key clients to deliver the priorities contained within Council corporate plans during the life of those plans, as well as the expectation of funders such as the Council for key clients to plan for the future in a business-like manner.

- 5.3 It is too early to say whether such agreements could generate better and more efficient use of grant monies for Winchester City Council. However, longer agreements do not necessarily lead to ever-increasing grants – in some instances the commitment of an authority to a longer agreement has been tied to a gradual reduction in the level of grant. It is recommended that further investigation be made into the financial and operational implementation of longer agreements, with the findings reported back to a future meeting of the Cabinet.

6 Aligning of processes

- 6.1 The Community Development Division administers a number of grant schemes that support community activity across the district. As well as the Council's own revenue, capital and community chest grant schemes, officers administer the Safer Stronger Communities Fund (SSCF) on behalf of multi-agency partnership groups. There are also other Council-funded grant schemes that are available to voluntary organisations, such as the new Community Transport Grant Scheme.
- 6.2 In order to make the range of grant schemes clear and simple to applicants and also to ensure efficiency in operation of the schemes, consideration will be given to removing inconsistencies that exist between the schemes. This could include changes to the application forms, assessment process, conditions applied to grant awards and the monitoring / evaluation process.

OTHER CONSIDERATIONS:

7 CORPORATE STRATEGY (RELEVANCE TO):

- 7.1 The community grants scheme is of direct relevance to a number of key objectives and priority areas. Following a review of the priorities and policies of the revenue grant schemes, agreed by Cabinet in October 2005, all organisations' approved funding will be contributing to both the Community Strategy and the Corporate Strategy.

8 RESOURCE IMPLICATIONS:

- 8.1 The total revenue grant budget for 2006/07 is £513,900, of which £10,147 was top-sliced for the Community Chest Grant Scheme during the year.
- 8.2 The budget for community revenue grants for next year has not yet been confirmed but there are no additional resource implications as a result of this report and the revisions to the scheme and best practice principles are recommended for implementation from 2007/08.
- 8.3 Additional resource implications may be identified for future years as a result of further discussion about the possibility of 3-year funding agreements. A report will be brought to Cabinet at a future date to consider the merit if this is seen to be a feasible option in light of the prevailing budgetary situation at the time.

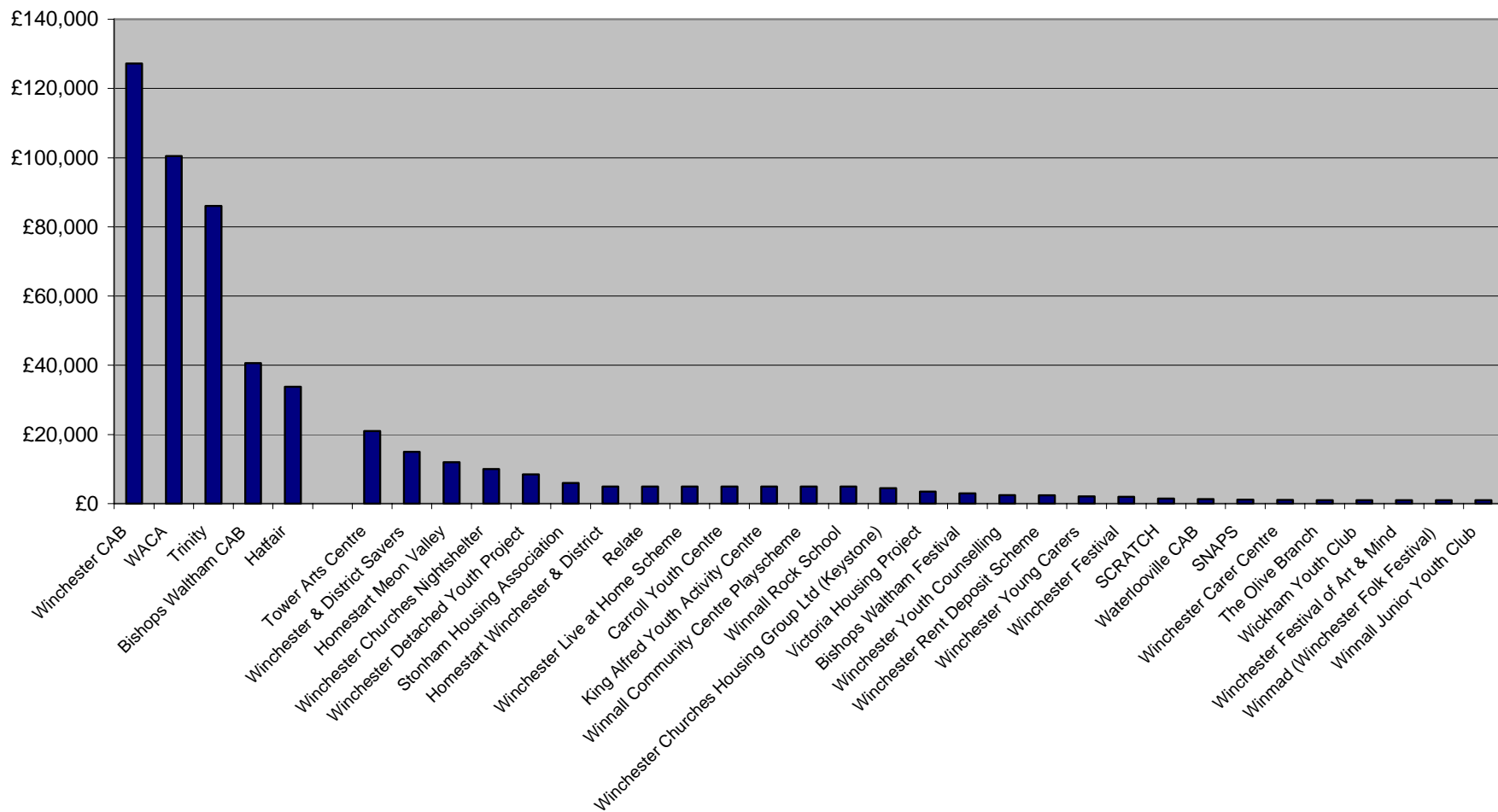
BACKGROUND DOCUMENTS:

One Compact for Hampshire

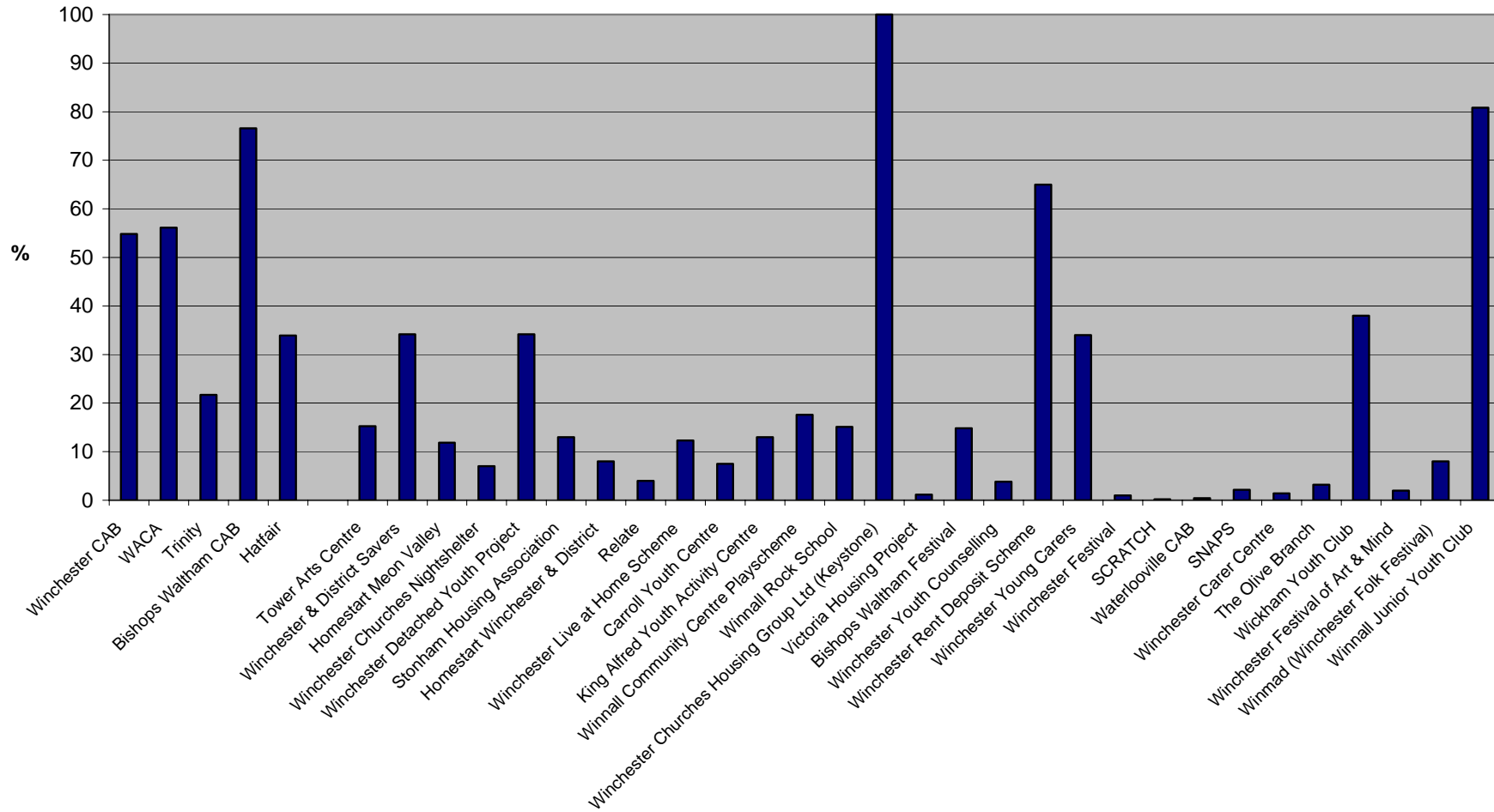
APPENDICES:

- Appendix 1(i): Revenue clients by size of grant
- Appendix 1(ii): Revenue clients by percentage of income from WCC grant
- Appendix 1(iii): Revenue clients by number of service users / beneficiaries
- Appendix 2: Current SLA format
- Appendix 3: Proposed SLA format for key clients

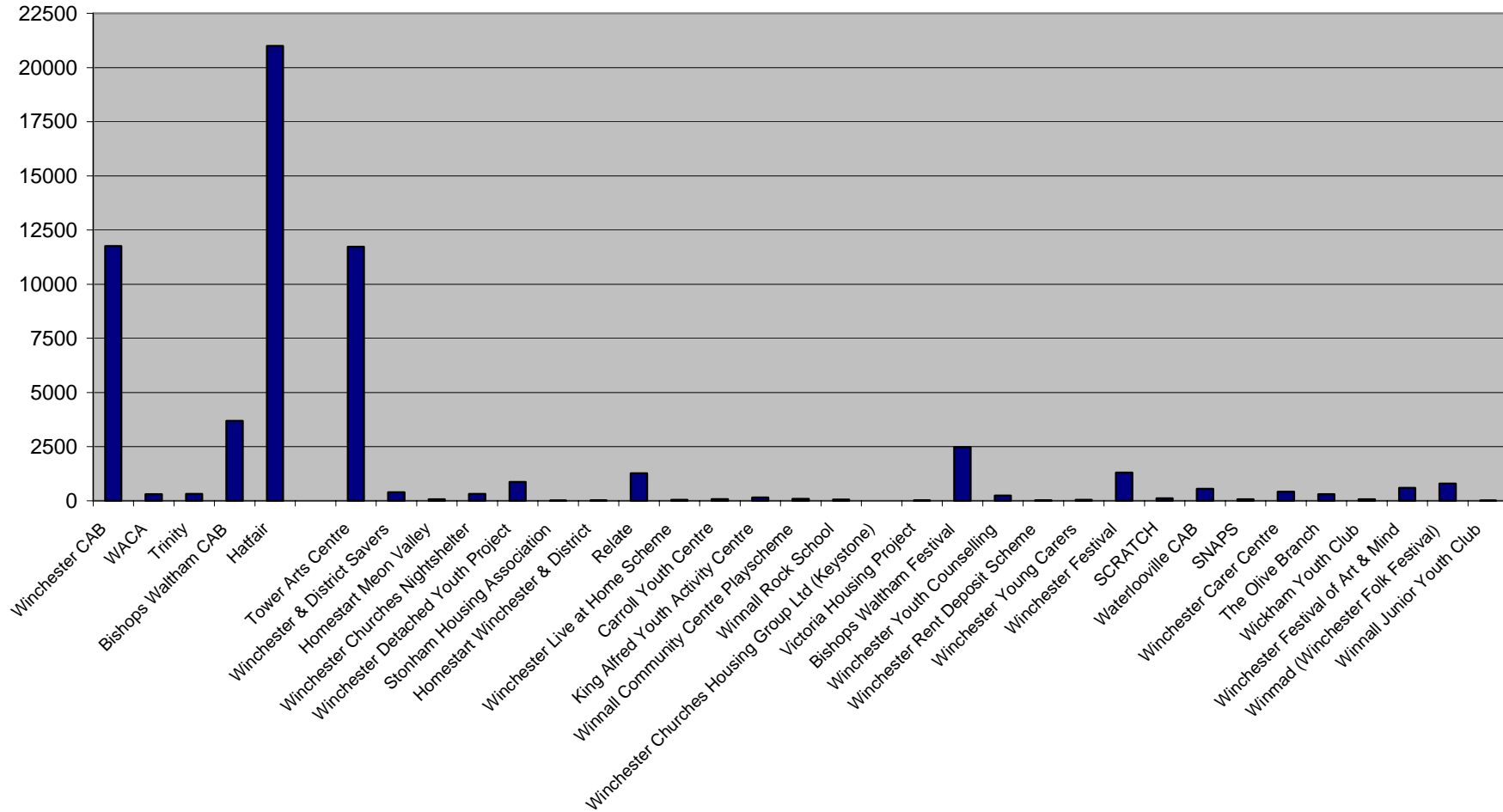
(i) Size of Revenue Grant 2006/07



(ii) % of income met by WCC grant



(iii) No. of service users / beneficiaries



WINCHESTER CITY COUNCIL
SERVICE LEVEL AGREEMENT 2006/07

1. INTRODUCTION

1.1 This Service Level Agreement (“the Agreement”) is between Winchester City Council (“the Council”) and (“the Organisation”). The Agreement is for a one year period effective from 1 April 2006 to 31 March 2007.

1.2 The Agreement records the funding support (“The Grant Award”) being provided by the Council, the indicators by which the Organisation’s performance will be measured, monitoring arrangements and circumstances in which the support may be terminated.

In pursuit of the Council’s policies to work with voluntary and other agencies in order to meet the needs of the community in accordance with the Council’s Corporate Strategy 2005-2008, the Council recognises the valuable service the Organisation provides. In acknowledgement of the service the Council has decided to enter into the Agreement.

2. FUNDING OF THE SERVICE

2.1 The Council will make available the sum of £..... (the Grant Award) to the Organisation for the year 2006/07.

2.2 Payments will only be made once an authorised representative of the Organisation has signed a copy of the Agreement.

2.3 The Grant Award made by the Council will be used by the Organisation for the purposes specified in the signed application form and to The Council may at any time serve written notice on the Organisation, requiring it to provide details of the manner in which the Grant Award is being used. The Organisation shall provide the required information to the Council within 21 days of the Council’s notice.

2.4 The payments made by the Council will be used by the Organisation to maintain or improve its services in line with the Key Performance Indicators (KPIs) as set out below.

2.5 It is recognised by all parties that changes to the profile of the Organisation may occur over time, either to improve the service or through exceptional circumstances. All parties to the Agreement must agree any significant changes in the profile

2.6 The Grant Award shall be repayable by the Organisation to the Council on termination in accordance with Clause 4.2 below.

3. COMMUNICATION, MONITORING AND EVALUATION

3.1 The Organisation recognises that it is in receipt of public funding in the form of the Grant Award and accepts the responsibility to account to the Council for these monies.

3.2 The Organisation shall be required by the Council to keep audited accounts, and records demonstrating how the Grant Award has been used, and shall submit such records and accounts for inspection by the Council on request (within specified time).

3.3 Links with the Council will be maintained through the Partnership and External Funding Officer who will be the first point of contact between the Council and the Organisation.

3.4 The services of the Organisation will be monitored using the KPIs detailed below.

3.5 Representatives of the Council and the Organisation will meet once a year to review and evaluate performance. The Organisation will be required to produce an end of year report, which will include the following information:-

- a) Any change to the service profile.
- b) Performance of the organisation against the agreed KPI's.
- c) Views of clients on the services provided.
- d) Preliminary accounts.
- e) Any other relevant statistical data.

4. TERMINATION

4.1 The Agreement may be terminated by the Council at any time without notice in the event of:-

- a) Any breach of the law by the Organisation;
- b) Any misuse of the Grant Award by the Organisation;
- c) Any failure of the Organisation to provide the service that is the subject of the Agreement at the level indicated without the prior approval of the Council;
- d) Any failure of the Organisation to comply with the arrangements for communication, monitoring and evaluation set out in the Agreement.

4.2 In any event, if the Agreement is terminated under Clause 4.1 above, the Council shall serve a written notice on the Organisation. The written notice shall specify the amount which is believed to be recoverable, the basis on which that amount has been calculated, and shall require the whole or a specified amount to be repaid within the specified period. The Organisation shall repay the specified sum within the specified period, and the Council may take all reasonable steps to recover the specified sum.

KEY PERFORMANCE INDICATORS

No	Indicator	Timescales
1.	To provide a quarterly budget breakdown as agreed by the Trustee Board	Quarterly starting in May 2006.
2.	To undertake a progress review with the Partnership and External Funding Officer	Sept / Oct 2006
3.	To update the Business Plan in preparation for 2007/08 incorporating financial planning considerations	By Nov 2006
4.	To implement the Business Plan for 2006/07	On-going
5.	To undertake an annual review with the Partnership and External Funding Officer	By end of March 2007.

Signed for Winchester City Council:

Signature

Name

Position

Date

Signed for:

Signature

Name

Position

Date

WINCHESTER CITY COUNCIL
SERVICE LEVEL AGREEMENT 2007/08

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1.3 In pursuit of the Council’s policies to work with voluntary and other agencies in order to meet the needs of the community in accordance with the Council’s Corporate Strategy 2006-2009, the Council recognises the valuable service the Organisation provides. This agreement recognises that pursues the objectives set out in its Business and Development Plan. These are in accordance with Winchester City Council’s formal objectives as laid down in its corporate policy framework. For example:

<i>..... (Business and Development Plan)</i>	<i>WCC Strategic Aims</i>

2. FUNDING OF THE SERVICE

2.1 The Council will make available the sum of £..... (the Grant Award) to the Organisation for the year 2007/08.

2.2 Payments will be made in equal instalments, the first on receipt of the signed Agreement and the second in October 2007.

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- 3.3 Links with the Council will be maintained through the Partnership and External Funding Officer who will be the first point of contact between the Council and the Organisation.
- 3.4 The services of the Organisation will be monitored using the KPIs detailed overleaf.
- 3.5 Representatives of the Council and the Organisation will meet once a year to review and evaluate performance. The Organisation will be required to produce an end of year report, which will include the following information:-
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Signed for Winchester City Council:

Signature

Name

Position

Date

Signed for

Signature

Name

Position

Date

..... – **PERFORMANCE INDICATORS 2007/08**

Performance Measure	Description	Information Required	Actual Performance	Target Performance
<p>1. Has attained the Quality Mark for the services it is funded to deliver?</p>	<p>One of the Government's aims through the Service is to raise the quality of advice given by providers through the use of the Quality Mark. This indicator aims to provide evidence of a commitment to quality on the part of</p>	<p>Copy of document(s) showing level and date of Quality Mark award.</p>	<p>Has attained the relevant Quality Mark? Yes/No</p> <p>Level attained:</p>	<p>Yes</p>
<p>2. User satisfaction</p>	<p>Data should be collected at least annually from a cross-section of users (e.g. telephone and face-to-face users, one-off and long-term service users) ensuring the inclusion of hard-to-reach groups. Responses should be sought in whatever manner is appropriate. The sample of respondents should number at least 100 (or 20% of monthly users if lower). Survey to be undertaken by December each year with results available by March the following year.</p>	<p>Copy of survey</p> <p>Analysis of results</p>	<p>Survey carried out? Yes/No</p> <p>Percentage of respondents satisfied with the level of service:</p>	<p>Yes</p> <p>75%</p>

Performance Measure	Description	Information Required	Actual Performance	Target Performance
3. Complaints received and resolved	<p>A complaint may be verbal or written. It could concern any of the services provided by or any other aspect of its operation (e.g. management or recruitment processes).</p> <p>The complaints satisfactorily resolved are those that are not appealed to</p>	<p>Copy of complaints leaflet.</p> <p>Summary of number of complaints and those satisfactorily resolved.</p>	<p>Number of complaints received:</p> <p>% satisfactorily resolved:</p>	<p>No more than ? in total</p> <p>100%</p>
4. Cost per enquiry of the service	<p>Measures the cost effectiveness of and can be compared directly with others.</p> <p>An 'enquiry' is an individual issue raised by a caller, who may generate a number of enquiries in a single visit. If the same issue is raised at a subsequent visit this should not be counted.</p>	<p>Operational budget and number of enquiries.</p>	<p>Budget: ÷ No of enquiries: = Cost / enquiry:</p>	<p>No more than £?</p>

Performance Measure	Description	Information Required	Actual Performance	Target Performance
5. Number of people using the service and usage by percentage of the population	<p>This identifies the number of individuals that benefit from the services available at</p> <p>The population used is the entire population of</p>	<p>Exact figure for number of individuals using the services.</p>	<p>Number of individuals using the service:</p> <p>As a % of the population:</p>	<p>?</p> <p>?%</p>
6. Does have a 3-year business and development plan that is regularly reviewed?	<p>Business and development planning is expected as part of the Quality Mark process and is a key means of delivering the organisation's strategic objectives.</p> <p>The plan should address the following areas:</p> <ul style="list-style-type: none"> ● Objectives ● Service profile ● Community needs analysis ● Funding strategy ● Marketing/Publicity 	<p>Copy of 3-year business and development plan</p>	<p>Does have a 3-year business and development plan? Yes/No</p>	<p>Yes</p>

Performance Measure	Description	Information Required
7. Training hours provided in a year	Advice work requires both the training of new staff (paid or volunteers) and updating of the skills and knowledge of existing advisers.	Summary of number of training hours per individual.
8. Referral Policy	<p>The Quality Mark expects that where a member of the cannot provide the service needed by the client, they must inform the client and direct them to an alternative service provider, where available.</p> <p>The term 'referral' denotes the first agency's involvement in setting up an appointment with the second agency.</p>	Copy of the referral policy

Actual Performance	Target Performance
Number of training hours provided per: a) New recruit: b) Experienced staff:	 ? hours p/a ? hours p/a
Does have a referral policy? Yes/No	Yes