

WINCHESTER TOWN FORUM

25 January 2012

CABINET

8 February 2012

CORE GRANT ALLOCATIONS FOR 2012/13

REPORT OF ASSISTANT DIRECTOR (ECONOMIC PROSPERITY)

Contact Officer: Eloise Appleby Tel No: 01962 848 181, Email: eappleby@winchester.gov.uk

RECENT REFERENCES:

CAB 1932 – [Community Revenue Grant Key Client Status, 9 December 2009](#)

CAB 2144 - [Community Grants – Revenue and Capital Awards 2011/12, 16 March 2011](#)

[Minutes of the Town Forum meeting of 23 November 2011](#)

EXECUTIVE SUMMARY:

The Council has for many years made funds available to support the work of the not-for-profit sector in the Winchester District. The bulk of this money is given in Core Funding, which makes a contribution towards the overheads of organisations providing essential services for the residents of the Winchester District.

In a challenging economic climate, the Council has sought to protect such budgets, recognising the contribution made by the third sector to the Active Communities outcome of the Winchester District Community Strategy.

This paper sets out proposals for allocations to not-for-profit organisations in 2012/13, including contributions from the Town Account which have been discussed in detail with the Winchester Town Forum (Town Account Grants) Informal Group.

The proposals are summarised in Appendix 1, and Members are asked to approve the recommendations below subject to final approval of the budget at Council in February 2012.

RECOMMENDATIONS:

That the Winchester Town Forum:

1. Recommends to Cabinet that, as part of the approval of the total City Council Grants, Cabinet endorse the proposed grant allocations shown in Appendix 1 to be made to organisations in the Town area (funded by a release from the Winchester Town Reserve), and subject to the Council's approval of the Budget & Council Tax for 2012/13.
2. That officers work with the Winchester Town Forum (Town Account Grants) Informal Group over the spring to review the current approach to Town Account grant allocations, with a view to bringing new proposals for adoption by the end of the summer.

To Cabinet

That, subject to the Council's approval of the Budget and Council Tax for 2012/13, Cabinet:

1. approves the proposal to provide Core Funding for Keystone Winchester Churches Housing, Winchester Churches Night Shelter and the Winchester Rent Deposit Scheme from the central Government grant for preventing homelessness, with Service Level Agreements to be administered through the Strategic Housing Team, to the amounts set out in Appendix 1;
2. approves the proposed allocations set out in Appendix 1 for payment as Core Grants to local organisations in the financial year 2012/13;
3. approves the proposed allocations set out in section 8 of this report for Project Grants (£25,000) and Small Grants (£15,000);
4. approves the proposed allocation of £10,000 as a new fund to incentivise apprenticeships, subject to the approval of the detail of the scheme through the Portfolio Holder Decision Notice process;
5. approves the proposal to discontinue Key Client status and introduce a new designation of Partner Organisation in its place, according to the criteria set out in section 3 of this report;
6. approves the proposal to issue three year funding agreements as set out in section 4 of this report.

WINCHESTER TOWN FORUM25 January 2012CABINET8 February 2012CORE GRANT ALLOCATIONS FOR 2012/13DETAIL:1 Introduction

1.1 It has long been recognised by this Council that the quality of life in the Winchester District is enhanced by a dynamic line-up of voluntary, community and 'not for profit' organisations. Drawing on extensive volunteer power and responding to local need in a very direct way, these organisations provide a host of services which support those in difficulty and enhance lives.

1.2 The Winchester District Strategic Partnership is committed to creating 'Active Communities', an aspiration supported by the Council's Change Plans. It does this in a range of ways, one of the most widely recognised being its annual programme of grants.

1.3 The Council currently operates three grants programmes for the not-for-profit sector, which are:

- a) core funding which contributes to the overheads and day to day running of organisations.
- b) project funding, which provides one off sums to support community building projects (eg refurbishing parish halls) or self-contained activities (eg setting up a new community group, producing a new website, running an event).
- c) small grants, of up to £500, which provide a quick and easy option for groups in need of basic materials or equipment. (This programme was formerly known as the 'Community Chest').

1.4 The budgets set by the Council at its meeting in February 2011 for 2011/12, allocated the following total amounts to each programme:

- a) core funding: £747,228 (including Theatre Royal Winchester)
- b) project funding: £25,000
- c) small grants: £10,000

- 1.5 Following the annual application and review process over the winter, this paper outlines proposals for grant allocations under the Core Funding programme in 2012/13 and seeks Member approval for these allocations, subject to final approval of the budget by Council in February 2012.
- 1.6 It also seeks approval of allocations for Project Funding, Small Grants and a new Apprenticeship Fund, again subject to final approval of the budget by February 2012.

## 2 Background

- 2.1 At a time when public spending is under pressure, local organisations have increasingly expressed concern about the diminishing availability of Core Funding. Local authorities have traditionally underpinned the work of the not-for-profit sector by providing grants to cover costs such as paid staff, accommodation, lighting, heating, telephones and so on. These grants are important in enabling organisations to exist, but they are also seen as a mark of confidence by other funding bodies that provide project funding.
- 2.2 Whilst project funding is also less plentiful nationally, the more energetic and creative organisations can generally make ends meet if there is adequate core funding. However, it is clear that many are having a difficult time, and some are starting to draw on their reserves in a way which is not sustainable. Whilst the Council has to make savings, leading Members have recognised these pressures and sought to protect core grants.
- 2.3 However, in the same way that the Council has been working hard to redesign services and reduce operating costs, not-for-profit organisations also need to reconsider traditional ways of working and seek to eliminate duplication, save costs through joint working and potentially 'redesign' themselves in a way which recognises that funding for the voluntary sector is not going to be available in future as it once was.
- 2.4 Recognising the difficulty of bringing about change from within for many of these organisations, officers have begun to drive forward a programme of change within the sector, drawing on the power of its service level agreements. This has directly supported, for example, the integration of the Citizens' Advice Bureaux (CAB) in Bishop's Waltham and Winchester into one, district-wide CAB over the past year. This has led to a reduction in the total overall CAB grant of nearly £14,000 for 2012/13 (7%), with potential for further efficiency savings in future years as the merged CAB tackles overheads such as accommodation.
- 2.5 There has been major change, too, at the Theatre Royal Winchester – the recipient of the Council's single biggest grant in years gone by. A programme of change was kick started two years ago by an organisational review commissioned jointly by Winchester City Council, Hampshire County Council and Arts Council England, South East which has – over time – led to the development of an innovative business plan, a renewed funding relationship

with the Arts Council and a funding request to the City Council for core funding in 2012/13 which is £32,000 (16%) less than it was for 2010/11 and on track for an overall 25% reduction by 2013/14.

- 2.6 There is more to be done, and officers will be working with colleagues at Winchester Area Community Action to identify the critical needs of the sector over the coming months with a view to fostering change through mechanisms such as training, negotiation and joint action with Hampshire County Council. An open meeting and workshop for all not-for-profit organisations in the District is being organised jointly with Winchester Area Community Action at the end of February as part of this process.

### 3 Prioritising Grant Applications

- 3.1 In 2007, the Council adopted the concept of 'Key Clients'. This designation was intended to create a special relationship with a small number of organisations (five) which were considered – among other criteria - to reach the largest numbers of beneficiaries. The key clients are currently
- Winchester Citizens' Advice Bureau
  - Bishop's Waltham Citizens' Advice Bureau
  - The Trinity Centre
  - Winchester Area Community Action
  - Hat Fair
- 3.2 Key clients benefited, in terms of organisational stability, from a three year funding 'deal' in which the Council committed to providing core funding (albeit not at a specified level) over a three year period. However, this is not very significant in practical terms.
- 3.3 As the Council focuses increasingly on bringing about positive change under the outcome areas set of the Community Strategy, however, officers propose that the key client status be replaced by a longer list of Partner Organisations for the coming three years.
- 3.4 Partner Organisations are those able to make the most impact under the Active Communities outcome of Community Strategy, in particular:
- a) in delivering one or more of the five priority areas of the Strategy over the coming three years (ie the wellbeing of older people; access to services; the wellbeing of those living in Winnall and those living in Stanmore; reducing our carbon footprint).
  - b) working with our most vulnerable communities;
  - c) demonstrating financial resilience, and
  - d) demonstrating a positive approach to partnership working with the Council and with other funded partner organisations.

3.5 Working with the Portfolio Holder for Communities, Safety and Public Health, officers have used these criteria in prioritising applications, and the proposed allocations at Appendix 1 reflect this prioritisation. Members are asked to approve this approach, and to relinquish the former designation of Key Client which is no longer considered to be very helpful.

#### 4 Reducing Bureaucracy

4.1 Officers are keen to reduce the administration burden around grants, both for the organisations applying and for the Council, whilst continuing to ensure that risks are managed in a way that is commensurate to the sums involved. Some small steps have already been taken, for example:

- a) not requiring copies of all policy documents and insurance papers from every organisation, but operating a signed 'checklist' approach coupled with random spot checking during routine officer visits during the year;
- b) paying small grants (up to £500) up front and without any need for copies of invoices as proof of expenditure;
- c) moving towards on-line application forms, which will then be stored in the Council's document management system. Applications for other funding or commissioning bids can then be cross-referenced to these stored applications, without the need for the organisations to resubmit the same information during the year.

4.2 Clearly, there is more that can be done. An important proposal in relation to this paper is that the newly named Partner Organisations would not have to submit full funding applications in the next two financial years, but would simply send a short update statement alongside the latest financial documentation. A three year funding agreement would be issued in 2012/13, with a specific funding allocation for the first year and a provisional funding allocation for the following two years which would be reflected in the Council's Medium Term Financial Strategy projections and subject to the annual approval of the Council's Budget and Council Tax. Members are asked to approve this approach, which will significantly reduce the amount of officer and Member time spent on administering the Core Grants programme.

#### 5 Town Forum Allocations

5.1 The Town Forum recognises that a number of the not-for-profit organisations provide either dedicated support for the residents of the Town area, or a service for which a significant number of beneficiaries live in the Town area. In view of this, the Forum has for a number of years made contributions from its own account towards the total core grant allocated by the Council.

5.2 As a 'rule of thumb' this has tended to be around 5% of the amount allocated from the General Fund, but the figure is not fixed and the Town Forum has

always retained the prerogative to review allocations and to propose changes. In 2011/12, the split across the total grants budget was close to the ratio of 95:5, and the Town Account makes no contribution to the Project Grants and Small Grants programmes although Town based groups may apply.

- 5.3 A meeting of the Winchester Town Forum (Town Account Grants) Informal Group took place on Tuesday 10 January 2012, attended by the Portfolio Holder for Communities, Safety and Public Health. The Panel reviewed the applications received by the Council, considered the proposals within these applications and reviewed the proposed allocations from the General Fund.
- 5.4 The Informal Group acknowledged the importance of providing core funding for organisations during this difficult economic period. During a discussion about the Town Account for 2012/13 during their November meeting, Town Forum Members made a commitment in principle to increase the grants budget to £60,000 in 2012/13 (see [item 7 in the minutes](#) of the meeting of 23 November 2011). This was in addition to the £20,000 contribution to Theatre Royal Winchester. The decision was subject to the considerations of the Informal Group, and intended to provide a means to provide support for Town-based organisations in cases where the General Fund budget was over-stretched. The Town Forum could do this in 2012/13 because:
- a) the three year funding commitment to The Tower has ended;
  - b) the three year funding commitment to The Chesil Theatre has ended, and
  - c) savings have been made on the new Environmental Services contract (ie the grounds maintenance element of the Town Account).
- 5.5 During the Group's meeting, Members made the following observations:
- a) the impact of the recession meant that organisations such as The Trinity Centre and the Citizens' Advice Bureau were dealing with increased need, so any reductions in funding would have a greater effect in real terms than they might have done at a time when demand was lower;
  - b) there appeared to be duplication of administrative effort across some organisations, and Service Level Agreements should be used to promote new ways of working wherever possible to realise efficiency savings;
  - c) organisations such as Winchester District Rural Theatre and Dance should be required to approach parish councils for contributions, in the same way that the Town Forum was making contributions to Town-based organisations;
  - d) although they hosted valuable services for local young people, there appeared to be potential for The Carroll Centre in Stanmore and

KAYAC in Winnall to reach out more across the Town area, and this should form a condition for any funding in the Service Level Agreement;

- e) it was not always clear how much effort was being made by smaller organisations to seek funding from other agencies. Officers were encouraged to work with Winchester Area Community Action (WACA) to increase activity in this area;
  - f) the support provided by WACA in administering the three grants programmes was welcomed;
  - g) The Town Forum would like to play a more active role in grant making, which would entail careful thought about approach, timing and resourcing. Officers agreed to set up an initial meeting with the Informal Group to begin this discussion following the voluntary sector meeting in February, with a view to reporting back to Town Forum at the end of the summer.
- 5.6 The Informal Group made two adjustments to the provisional allocations for the Town Account proposed by the Portfolio Holder for Communities, Safety and Public Health, and these were to ensure that the applications from both Winnall Rock School and Blue Apple Theatre could be fully met.
- 5.7 The final allocations proposed by the Informal Group are reflected in the summary at Appendix 1. Town Forum Members are asked to endorse these allocations and recommend them to Cabinet as part of the overall budget for the Core Funding Programme in 2012/13 and as part of the Town Account 2012/13 Budget.
- 5.8 In their consideration of this Report, Members are particularly advised to have regard to their responsibilities under the Code of Conduct and the Council's Protocol on Member Participation in Grant Aid applications. In summary, this states that:
- Council policy is that we accept no public participation regarding specific grant applications – this includes non-Forum Councillors speaking from the floor.
  - Members of the Forum who are ordinary members of an organisation which has submitted a grant application may wish to speak and vote, but should refrain from “special pleading” and limit their contributions to answering any questions of fact that may arise. This is because no public participation is allowed on grants to support specific cases.
  - Members of the Forum who have personal and prejudicial interests (ie an office-holder) in any applications should declare this and leave the room during the consideration of that specific grant, regardless of whether or not they have been appointed to the group as the Council's representative.



Members are requested to notify the Democratic Services Officer, Colin Veal ([cveal@winchester.gov.uk](mailto:cveal@winchester.gov.uk) 01962 848 438) in advance of the meeting.

## 6 General Fund Allocations

6.1 Alongside the proposal to replace Key Client designation with a new “Partner Organisation” status to support prioritisation of the grant allocations, a number of principles were adopted in drawing up proposals:

- a) in view of the economic climate, every effort would be made to meet the funding requests of Partner Organisations where they appeared reasonable, or at the very least to maintain 2011/12 levels, other than in the case of the former Key Clients and Theatre Royal Winchester with which programmes of efficiencies/change were agreed last year;
- b) efforts should be made to accommodate new applicants (eg North of Winchester Your Community Association);
- c) Core Funding should only be allocated where it could genuinely be said to be paying for overheads, as opposed to projects or other one-off purchases that might be funded from other programmes or by other agencies;
- d) an Equalities Impact Review would be carried out to assess the effect of proposed funding decisions on vulnerable groups in the District.

6.2 The proposals which have been formulated by the Portfolio Holder for Community, Safety and Public Health in discussion with colleagues and officers, are set out in full at Appendix 1. It is not proposed to itemise the proposals here, but Members may wish to note the proposal to fund requests from Keystone Winchester Churches Housing, Winchester Churches Night Shelter and Winchester Rent Deposit Scheme to be accommodated through the Government grant for preventing homelessness administered through the Council’s Strategic Housing Team. Officers from that Team will issue a Service Level Agreement which ensures there is a clear fit with wider initiatives to reduce homelessness, in keeping with the Council’s Change Plans. Members are asked to approve this proposal.

## OTHER CONSIDERATIONS:

### 7 COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

7.1 Allocation of core funding is a core element of the Council’s commissioning approach: grants are made to organisations which can deliver services supporting the outcomes and priorities of the Community Strategy. The Core Grants are specifically intended to support the Active Communities outcome of the Community Strategy, and organisations are also required to demonstrate in their applications how they support delivery of one or more of the five priority areas of the Strategy.

- 7.2 In a number of cases, organisations have been inspired by the priorities to propose service extensions or new features designed to address the issues set out in the Community Strategy, over and above their routine work.
- 7.3 Service Level Agreements attached to the larger grants are linked back to the Change Plans, in terms of supporting programmes or initiatives in the year ahead, and these can be across all three outcomes in the case of larger organisations such as The Trinity Centre and Theatre Royal Winchester.
- 7.4 Many of the groups listed in Appendix 1 are supported in accordance with S2 Local Government Act 2000. This outlines a local authority's power to promote the economic, social and environmental well-being of their area and is relevant to partnership working with community organisations.
- 7.5 The Council must have full regard to the Community Strategy when making grants and the statutory guidance on 'well-being' powers in the Local Government Act 2000 does not preclude any of the 2012/13 grants that are proposed. Additionally some awards can be made under powers outlined in S19 Local Government Act 1976 – "not-for-profit making recreation projects", S142 Local Government Act 1972 – "information/advice services -:" and S145 Local Government Act 1972 – "promotion of the arts".
- 7.6 During 2012 the well-being power contained in S2 Local Government Act 2000 will be repealed and replaced with the general power of competence in S1 Localism Act 2011. It is considered that the proposals contained in this report will be covered by those powers, or the more specific powers outlined in para 7.5 above.

## 8 RESOURCE IMPLICATIONS:

- 8.1 The total grants budget proposed for Core Grants for not-for-profit organisations (including Theatre Royal Winchester) in 2012/13 is £677,600. This compares with £721,328 in the budget which was finally adopted for 2011/12, a reduction of around 6%.
- 8.2 Of this figure, the Town Account is proposed to contribute £59,600 together with a contribution of £20,000 to Theatre Royal Winchester. The General Fund contribution would be £598,000 as set out in Appendix 1. The Town Account would be contributing 12% of this total.
- 8.3 Allocations are also proposed on Appendix 1 for the two other schemes for not-for-profit organisations as follows:
- i) Project Grants      £25,000
  - ii) Small Grants      £15,000

Demand for Project Grants in 2012/13 already far exceeds this figure, but in line with advice that Core Funding is the hardest to obtain for most organisations, this is considered to be a reasonable balance.

Small Grants are also greatly in demand, and are likely to be a major source of funding for community celebrations in the run up to the Diamond Jubilee and London Olympic and Paralympic Games, which the Council is seeking to encourage.

- 8.4 In addition, Members should note that there is currently £8,781 of uncommitted balance in the Community Grants Reserve which has traditionally been used to support emergency requests outside the scope or timeframe of the three programmes. It is proposed to continue this practice.
- 8.5 Appendix 1 also proposes an allocation of £10,000 in the form of grants to incentivise businesses to offer apprenticeships. This replaces previous programmes for business start-ups and community shops. Members are asked to approve this figure in principle, subject to details being approved through a Portfolio Holder Decision Notice from the Leader.
- 8.6 When all the grants set out on Appendix 1 are taken together, the Town Forum contribution is 10.9% of the whole amount.

## 9 RISK MANAGEMENT ISSUES

- 9.1 All applications for Core Grants are required to meet certain standards in relation to good governance, good management practice and sound financial management.
- 9.2 The accounts of all organisations are reviewed by the Council's Finance Team to identify any concerns about viability or financial practice, and issues are investigated. Where concerns remain, a risk assessment will be drawn up by officers, supported by the Council's Auditors, to set out and manage risks with the co-operation of the funded organisation. The Council would not give funding to an organisation which was clearly insolvent or was very likely to become insolvent during the course of the year.
- 9.3 All successful applicants are expected to sign up to a Service Level Agreement with the City Council before any payments are made, and this sets out a number of practices designed to reduce risk to the Council in terms of reputation, financial management and service delivery. Organisations are not permitted to change the use of the approved grant unless otherwise agreed in writing by the City Council.

## 10 EQUALITIES

- 10.1 Many of the organisations funded by the Council provide direct help for the most vulnerable residents of the Winchester District, and all grant funded organisations are expected to promote equality of opportunity for all sections of the community through the services they provide.

- 10.2 It is for this reason that the Portfolio Holder has made every effort to protect the grants budget in spite of the financial constraints under which the Council continues to work.
- 10.3 In order to understand the effect of the proposals set out in this paper on the vulnerable groups toward which the Council has specific, statutory responsibilities, a small working group was set up to carry out an Equalities Impact Assessment.
- 10.4 Because of the timing of that meeting, it is not possible to include its findings in this report. However, officers will provide a verbal update at Town Forum and Cabinet so that Members can take account of this in agreeing the recommendations on this report.

#### BACKGROUND DOCUMENTS:

Grant application forms and supporting paperwork available from the office of the Assistant Directors

#### APPENDICES:

Appendix 1 - Proposed Core Grant Allocations for 2012/13