

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 29 July 2003	<b>MEETING NAME</b> Executive
<b>Report title:</b>		Scrutiny Report on the Fast Track Review of Voluntary Sector Funding	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Environment and Community Support Overview and Scrutiny Sub Committee	

## RECOMMENDATIONS

1. Members of the Scrutiny Sub Committee support the adoption of Option B – “Policy led Option” as detailed in the officer report to the Executive on the Fast Track Review of Voluntary Sector Funding;
2. That whichever option for funding is chosen, there should be a requirement for an Annual Report on Voluntary Sector funding activities made available to the Executive which should be jointly written by the Council and those groups receiving funding that wish to participate;
3. That any new commissioning strategy for funding which may arise should ensure that new and emerging groups, particularly BME groups, have equal access to funding and that, within this process, small voluntary sector groups are not precluded from extending their reach and remit, e.g. they should be enabled to move to contract arrangements in time.
4. That adequate support and training for officers be put in place to fulfil any new commissioning roles arising and that significant input from the voluntary sector be sought to inform the training for officers;
5. That research should be carried out which defines and costs the contribution which the voluntary sector makes to Southwark’s economy.

## BACKGROUND

Details of the issues giving rise to the Fast Track Review of Voluntary Sector Funding can be found in the officer report to the Executive, to be considered on 29<sup>th</sup> July 2003.

At its meeting on 19 March 2003, Overview and Scrutiny Committee recommended that the Community Support and Safety Scrutiny Sub Committee scrutinise the findings from the Fast Track Review of Voluntary Sector Funding and have influence over future arrangements.

Under new arrangements for the Overview and Scrutiny function in 2003/04, the review fell to the Environment and Community Support Sub Committee whose recommendations are reported here.

## **KEY ISSUES FOR CONSIDERATION**

Members had invited representatives from Southwark Action for Voluntary Organisations (SAVO), namely Pat Tulloch, Director and Nathan Oley, Policy and Research Manager to attend the Scrutiny to outline SAVO's perceptions and experience of the review process, its content and findings and to have input to the Sub Committee's recommendations. Members also agreed to receive a deputation from Southwark Community Care Forum (SCCF), represented by Angela Stanworth.

Members of the Sub Committee received a presentation from officers on the content of the report to the Executive which outlines the findings and options arising from the review, along with the advantages and disadvantages of each. In addition, members noted the key policy and operational issues feeding into the review as follows:

- ❑ Ensuring voluntary sector funding supports the Council's current priorities (and in line with the Council's Policy and Resourcing Strategy currently being developed);
- ❑ The position of the voluntary sector in terms of the whole range of services provided through Council departments, e.g. as part of core provision and not a separate entity;
- ❑ The appropriate level of decision making arrangements and financial thresholds (with reference to the current Constitution, changes to Contract Standing Orders pending, and arrangements for further individual decision making which are being considered);
- ❑ The need for greater clarity on the formalisation of agreements and monitoring arrangements;
- ❑ The current 'mixed economy' of funding arrangements, i.e. grants, Service Level Agreements and Contracts and what arrangement are most appropriate in terms of commissioning (with reference to the new Procurement Strategy currently being developed);
- ❑ Taking into account the needs of new and emerging groups in any new structure of funding;
- ❑ The role of the Central Grants Unit and Grants Officers under new arrangements
- ❑ Outsourcing funding arrangements;
- ❑ That the degree of consultation available to inform the review had been constrained by the need to get a report up to the Executive in time to inform business planning and budget setting.

Officers advised that Southwark's current arrangements on voluntary sector funding are viewed as a good practice when compared to other authorities, in the opinion of bodies such as the Improvement and Development Agency, the Association of London Government, the New Opportunities Fund, local trusts and a number of experts.

### **Members considered the following points raised by representatives of SAVO**

- ❑ That consultation on the review had not been carried out as proposed originally, i.e. that all the groups currently receiving grants would have an opportunity to contribute;
- ❑ That the Voluntary Sector should be given a greater role in policy development and decision making;
- ❑ That any new arrangements should also enable the Voluntary Sector to safeguard their independence;
- ❑ The review, as it stands, raises concerns that the Voluntary Sector is being encouraged down one particular route thus changing the dynamic of the relationship between the Council and the Voluntary Sector and that some of the new arrangements being proposed may limit the Council's ability to listen to the Voluntary Sector;
- ❑ That a more dynamic, interactive relationship was needed between the Council and the Voluntary Sector towards more creative programmes of funding;

- That any annual reporting of Voluntary Sector Funding activities should be jointly written by the Council and the voluntary sector;
- That SAVO “recommend that a combination of options B and C (as outlined in the officer report) are adopted noting that the sector has, to date, preferred B to C.”

SAVO offered a written form of their views titled ‘An initial response from the Voluntary Sector’ which members noted and which is attached to this report at the request of members.

**Members considered the following points raised by the deputation from SCCF:**

- That it is easier for already wealthy groups to get funding than, for example, small or BME groups;
- That a range of funding options is needed – but that 3 year funding allows organisations to ‘deliver’ and that 1 year grants are often not sufficient. Further, that SCCF would welcome the opportunity to look at longer funding options;
- That funding arrangements need to consider ‘whole issues’ not just one aspect of provision (the example was raised of funding for preventing the onset of ill health not just funding remedial measures);
- That trained and enabled officers need to go through the commissioning process with voluntary organisations, looking in particular at agreed standards, what is being delivered and the needs of service users;
- That contracts must be developed ‘properly and well’;
- That SCCF would welcome a greater focus on outcomes, however there is a cost to the voluntary sector in this in terms of monitoring requirements;
- That SCCF welcome strategic priorities being an integral part of contracts but that clear protocols are required.

**SCCF raised the following, particular areas of concern with reference to any new arrangements**

- Ensuring the needs of new and emerging groups are met;
- That they have concerns about the current drivers for priorities;
- That the contracting round needs to embrace the ‘wider picture’ (please see the point about ‘whole issues’ above) in terms of commissioning;
- That it is difficult for small groups to break through what is known as the ‘glass ceiling’ i.e. it is not easy for these kinds of groups to get into contract arrangements (the suggestion of was made that small groups could be enabled to join larger consortiums);
- That joint commissioning could be considered (e.g. with Health bodies);
- That the voluntary sector should be brought ‘on board’ with the Council, with particular reference to helping set the specifications for contracts;
- That outsourcing would result in costs to the Council in terms of management fees and this would result in less funding for the voluntary sector;
- That the Council should consider the amount the voluntary sector contributes to the authority’s economy and not just see the voluntary sector as receivers of funding;
- That the voluntary sector is, anyway, going through a current funding crisis with a reduction in funding from other sources, e.g. the Community Fund which was a ‘useful means of getting small groups up and running’. Any further reduction in funding from the Council would exacerbate the issues;
- Could the Council consider the setting up of a panel of voluntary sector organisations to advise members on funding decisions?

Both SAVO and SCCF were in agreement with the Council that change needs to happen in the way voluntary sector funding is arranged.

### **Members asked for clarification on the following issues, in particular**

- The extent and process of consultation for the review;
- How well the voluntary sector will be involved in decisions on the different types of funding arrangement which might arise, i.e. where groups are asked to move from one type of funding to another under new arrangements;
- That any policy review should not impose too great a barrier between the voluntary sector as providers and the Council, as commissioners of services, and that the voluntary sector will have input to these issues.

Members noted that they would like to have seen more detail in the report on the comments received from those interviewed about outsourcing the administration of voluntary sector funding.

### **Officers made the following responses to the points raised by Members, SAVO and SCCF:**

The extent of consultation was limited by the need to get the report to the Executive in time for business planning and budget setting. Consultation had been focused on umbrella groups which were considered to be a good vehicle for representing individual voluntary sector group views, including those of smaller groups.

That evaluations undertaken on funding decisions do incorporate an awareness of the impact on small organisations, nevertheless the following key issues remain to be addressed:

- linking voluntary sector funding more closely to current Council priorities
- the position of the voluntary sector in respect of all the services that the Council provides and which of these the voluntary sector might want to help deliver. I.e. siting the voluntary sector as a core provider and not a separate entity;
- adherence to historical patterns of funding needs to be reviewed;
- more clarity needs to be brought to the whole process, e.g. on monitoring arrangements and agreement needs to be reached on what sort of funding agreements are most appropriate;
- New funding arrangements must consider the needs of new and emerging groups;
- There is a tranche of activities which go beyond the remit of core activities, e.g. community leadership, therefore there is a need to consider the work of influencing and advice bodies.

A policy led approach will involve the need to talk with service users and consider the expertise of those (e.g. the voluntary sector) who deliver services. Service specifications should include these issues. The role and skill of voluntary sector practitioners will be important in training and support for commissioning officers.

Corporate support structures will need to be strengthened for commissioning officers and this will be particularly important in some of the areas discussed during the review, e.g. the 'glass ceiling'.

The issue of a panel of advisers from the voluntary sector to advise members on funding decisions raises potential conflicts of interest.

That on outsourcing the administration of voluntary sector funding, although more details were not included in the report, officers had interviewed consultants in this respect. Legal advice, however, had been that decisions on funding and major efficiencies would still have

to be taken by the Council.

Any joint arrangements arising on annual reporting to the Executive on voluntary sector funding activities will need to embrace

## FINDINGS

Having considered all the evidence, members' recommendations as included in this report centred on the following key findings:

That any new funding arrangements arising should encourage and facilitate more joint working with the voluntary sector, recognising that whilst the voluntary sector benefits from Council funding, it uses this funding to make a significant contribution to Southwark's wider economy.

## OTHER ISSUES ARISING

The Chair of the Sub Committee made it clear that timescales informing the review limited the number and extent of recommendations which could be made and that members would have liked to see more time made available to carry out the review overall.

Representatives from SAVO and SCCF welcomed the opportunity to be part of the scrutiny. Members thanked these representatives and officers for their input.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
<i>19<sup>th</sup> March 2003 Overview and Scrutiny Committee minutes</i>	<i>Scrutiny Team</i>	<i>Lucas Lundgren</i>
<i>29<sup>th</sup> July 2003 Officer report to the Executive on the Fast Track Review of Voluntary Sector Funding</i>	<i>Social Inclusion Unit</i>	<i>Nathalie Hadjifotiou</i>

## Audit Trail

<b>Lead Officer(s)</b>	<i>Maggie Sullivan and Peter Roberts</i>	
<b>Report Author</b>	<i>Maggie Sullivan</i>	
<b>Version</b>	<i>Final Version</i>	
<b>Dated</b>	<i>21 July 2003</i>	
<b>Key Decision?</b>	<i>The Officer report to the Executive on 29<sup>th</sup> July on the Fast Track Review of Voluntary Sector Funding is considered under the heading of a key decision</i>	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Nathalie Hadjifotiou, Head of Social Inclusion	No	No
Stan Dubeck, Head of Community Safety	No	No
Catherine Mangan, Best Value Team	No	No

Glen Egan, Assistant Borough Solicitor	Yes	Yes (with reference to outsourcing arrangements for the administration of voluntary sector funding)
<b>Executive Member</b>	No	No
<b>Date final report sent to Constitutional Support Services</b>		21 July 2003