

Item No.	Classification Open	Date: 23 July 2013	Decision Taker: Cabinet Member for Communities and Economic Wellbeing
Report title:		Voluntary and Community Sector Transition Fund – Approval of Round 5 Priorities	
Ward(s) or group affected:		All	
From:		Gerri Scott, Strategic Director of Housing and Community Services	

RECOMMENDATIONS

1. To give approval for a further round of the transition fund for the voluntary and community sector (VCS) - £250,000 over one year - using part of the remaining unallocated budget within the £1.5 million previously agreed.
2. To approve targeting of round 5 of the Transition Fund to VCS organisations delivering services in the following priority areas of:
 - Employment/ worklessness;
 - Welfare reform/advice; and/or
 - Economic wellbeing/regeneration

BACKGROUND INFORMATION

3. Approval of grants over £2,500 is a matter for the Cabinet Member for Community Engagement & Equalities (Constitution: Clauses 2 and 5 Part 3D) and will be considered via individual member decision making (IDM).
4. To date there have been 4 completed rounds of the Transition fund as follows:
 - Round 1. £376,004 allocated to 19 organisations
 - Round 2. £174,902 allocated to 11 organisations
 - Round 3. £191,678 allocated to 13 organisations
 - Round 4. £176,250 allocated to 17 organisations.

A total of £918,834 has been allocated to a total of 60 organisations. Paragraph 13 sets out remaining unallocated budget resources.

5. Following four rounds of Southwark Council's Transition Fund, Community Action Southwark (CAS) surveyed all recipients of the fund - initiated by the council/VCS liaison group - to determine how the remaining £500,000 could be used to support the VCS to respond to the impact of continued austerity measures and changes in public policy.
6. The prevailing message to emerge from the 31 respondents – representing a 61% response rate - was that the Transition Fund had acted as a catalyst in assisting or identifying change. Respondents felt that the fund could have been more enabling in relation to collaboration and sharing resources. Overall the wider impact of the fund was more difficult to articulate as the transition was often more complicated, unpredictable and challenging that had been originally

expected.

7. In order to address these issues and to ensure that any future rounds of the Transition Fund focused on the underlying causes and not symptoms of the challenges VCOs were facing, a number of discussions at the council/VCS Liaison led to a proposal being developed outlining a further round of the Fund with specifically targeted priorities and with an additional diagnostic stage. These discussions emphasised the need for a more strategic approach with diagnostics and action planning being an integral part of the pre application process; not a separate or discrete activity following the initial funding award.
8. It was agreed that the transition fund's focus would not be specifically on the mitigation of the effects of reductions in council funding but on supporting organisations transform their strategic and operational functions in line with LBS priorities.
9. CAS developed a proposal for consideration by the council/VCS liaison group and the Cabinet Member for Communities and Economic Wellbeing. The proposal sought to:
 - Provide a clearer assessment and diagnosis of the support required to undertake transformation.
 - Provide accredited support to help organisations transform.
 - Provide clearer action plans and evaluative structures for assessing change and impact.
 - Provide a clearer link to council priorities.
10. It was agreed by the cabinet that the next round of the transition fund will focus on providing support to VCOs working in the following priority areas as identified by Southwark Council:
 - Employment/worklessness;
 - Welfare reform/advice; and/or
 - Economic development/regeneration
11. According to estimates produced by CAS there are between 80 and 100 registered charities based or working in Southwark that fall under one or all of the areas listed above. It is estimated that approximately 30 VCOs are funded by Southwark Council which work in one of the areas listed above. In 2012/13 the Council funds approximately 250 VCOs based in Southwark through a combination of grants and contracts.
12. Focusing support on the identified priority areas will provide a significant opportunity for change for organisations delivering in these areas for this round of the fund. Organisations not delivering services within these priority areas will be able to apply to funding bodies such as the Big Lottery where funds are made available for transitional change. Officers will monitor how effective focusing the scope of this round of the fund is on these priority areas and will ensure that learning informs the shaping of the priorities for any future rounds of the fund.
13. An amount is being held back for further rounds of the transition fund and to meet future contingencies. The total amount available will depend on how much of the £250,000 available for this round is allocated. If all the £250,000 is allocated an unallocated amount of £331,166 will remain available. If the new strategic

approach with the additional diagnostic stage carried out by CAS is successful in enabling VCS organisations to collaborate and share resources, the availability of unallocated funds for a future round will support further change using this approach. Further budget reductions in 2014/15 may further impact on VCS organisations

Transition Fund – Round 5

14. Following considerations by the council/VCS liaison group and LBS officers it was agreed to develop a more intensive and focused programme to assist VCOs undertake transformative rather than transitional change.
15. It is proposed that this round of the transition fund will focus on supporting voluntary and community organisations (VCOs) working in the areas of employment, welfare reform and economic wellbeing.
16. VCOs will be required to demonstrate how they wish to transform with regards to collaboration; sharing resources/premises; governance/financial management/impact; and/or, service development/redesign/innovation.
17. The allocation of funds - £250,000 over one year - will be assessed using a two stage process. The funding will be for a period of 12 months and there will be only one window of opportunity for VCOs to apply.
18. Community Action Southwark (CAS) will be a key delivery partner in the assessment/diagnostic and evaluation stages of the funding programme.
19. Southwark Council and CAS will work in partnership to develop a manual of operations for the administration and implementation of this funding programme.
20. It is proposed that the fund is administered in the following way:

Stage 1

21. VCOs which meet the criteria as outlined above will submit an application to CAS detailing the following:
 - a vision for the transformation that is required;
 - why the support is needed;
 - what difference the transformation will make to service users; and,
 - financial and operational viability.
22. At this stage applicants will not be required to submit a budget for the cost of supporting any transformational activity.
23. All applicants will be assessed by CAS and if they successfully meet the programme criteria, the applicant will proceed to the second stage of the process. Unsuccessful organisations which have not been shortlisted for stage two will be provided with support and guidance – if requested - about how to develop more appropriate transformative activities.

Stage 2

24. VCOs which pass the assessment stage will be required to work with CAS to undertake a diagnostic assessment of the organisation, develop action plans and

design a programme of support to deliver the transformation. The diagnostic will be an integral and essential part of the transformation process, rather than a discrete activity.

25. CAS will:

- Assess and explore the transformation proposal in more detail with the applicant.
- Undertake a high level diagnostic of the organisation, specifically focusing on governance, finance, service delivery, impact measurement and strategy. The diagnostic will identify the nature and scale of any organisational problems or weaknesses that are the source of the need to transform. CAS will develop a broad view of the organisation; assess actions (priorities) and how they might be addressed. The diagnostic will be framed to generate radical thinking or to raise further discussion regarding the original vision for the transformative activities.
- Work with applicant organisations to address issues that arose during the diagnostic stage and review the initial transformative vision.
- Develop an action plan for transformation and a programme of support.
- Develop detailed costing for the implementation of the action plan.
- Submit a report to Southwark Council on the actions, costs and nature of support required for the applicant organisation to undertake the necessary transformation.

26. Southwark Council will then make a final decision, based on the initial application and subsequent report, with regard to the level of funding that will be made available to support the transformative activities.

27. Successful organisations will be signposted to list of resources and consultants, developed by CAS, to support the transformation actions as detailed during stage 2.

Evaluating success

28. Once the funding has been awarded there will be a need to ensure that the transformation is proceeding as originally described. Therefore a strong emphasis will be placed on implementing an iterative process of review and evaluation throughout. To ensure the impact of the transformation is fully understood and plans can be adjusted accordingly, CAS will:

- Conduct formative evaluations with recipient organisations at fixed points throughout the process.
- Review action plans and make amendments or adjustments depending upon the impact of external and internal factors
- Report back to Southwark Council on progress and any changes in the transformational activities.
- Complete a summative evaluation of the transformation process at 12 months.

29. At the end of the yearlong funding programme the learning and collective experiences of the organisations to have gone through the transformative process will be collated and used to inform future programmes of this nature.

KEY ISSUES FOR CONSIDERATION

30. There are resource implications for developing this type of high engagement funding programme. This model has been used by a number of charitable trusts and foundations - for example the Barrow Cadbury Trust and the Trust for London - and research has shown that although more resource intensive, the resulting impact of the initial funding investment is greatly increased¹. In this context the approach detailed in this paper would deliver long-term savings as those engaged organisations will see improvements in:

- organisational capacity;
- organisational performance and innovation;
- ability to lever in additional resources;
- collaborative and innovative working relationships; and,
- increased organisational security.

31. In developing this round of the transition fund the council/VCS Liaison discussed a number of issues related to this approach. The pros and cons of the approach that have been identified are listed below.

ISSUE	PROS	CONS
Restricting applicant organisations to specific areas of work	<ul style="list-style-type: none"> • Directly aligned to Council's priorities • Provides support for transformation during a challenging time for VCOs working in welfare reform • Restricts the number of VCOs applying and therefore not comprising capacity to undertake diagnostic activities. 	<ul style="list-style-type: none"> • A relatively small number of organisations funded by the Council work in this area • Small uptake of the remaining available funding • Lack of support for transformation for VCOs not working in the specified areas.
Use of external partner to conduct diagnosis and action planning stage	<ul style="list-style-type: none"> • Improved outcomes for organisations – creating lasting change • Greater understanding of organisations challenges and production of an objective and well supported action plan • Better understanding of outcomes and impact of transformation through an iterative process 	<ul style="list-style-type: none"> • Resources required to set up and deliver programme could be used for frontline delivery • Potential conflict of interest for CAS in undertaking the diagnostic stage and making recommendations to the Council.

32. The Transition stages are set out below

Advertising

33. An invitation to apply to the fund will be advertised on the Council website,

¹ Institute for Voluntary Action Research (2011) *Beyond money: A study of funding plus in the UK*; London

through CAS and VCS networks. Specific targeting of known organisations working in the areas covered by this funding will also be undertaken by the council (supported by CAS).

34. The advert will state that:

- Once open the funding programme will be for one year only.
- There will be only one window of opportunity during that 12 month period to apply to the fund.
- Only VCOs which can demonstrate how the desired transformation meets the programme criteria can apply.
- Only VCOs that can demonstrate that they work in employment/worklessness; welfare reform/advice; and/or economic development/regeneration can apply.

Assessment – stage one

- Applicants will be required to submit their application to the CAS detailing the parameters of the transformation they wish to receive funding for.
- CAS will assess these applications and create a shortlist of VCOs to enter into the second stage of the programme. It is expected that most organisations applying will be known to CAS and the Council already. There is an expectation that CAS will liaise with departments in terms of assessing organisations with a track record of service delivery in the relevant thematic area.
- CAS will notify applications of the outcome and provide feedback on where the application was unsuccessful.
- CAS will offer support to VCOs which did not meet the criteria
- There will be no appeal process following the initial assessment stage.

Assessment – stage two

- The shortlisted organisations will enter into the diagnostic and action planning stage which CAS will undertake.
- Following this assessment, a report will be submitted to council officers detailing the nature of the transformation, the resources required for the change and a detailed action and evaluation plan - this report will be shared with the applicant organisation prior to submission to the council.
- Officers will assess the report and make a financial award based on the recommendations – CAS will not be involved in this stage of the process.
- Officers will notify successful organisations of the funding award and an agreement will be signed by both parties detailing the expected outcomes, the evaluation process and any other additional requirements - such as support from the approved list of consultants.
- There will be an appeals process following any decisions made by officers at this second assessment stage – in line with existing council policy.

Tuesday 27 August -24 September 2013	Fund Advertised. CAS e-bulletin. J4b funding portal on the council's website. How to apply workshop 12 September.
24 September 2013	Deadline for receipt of completed applications by CAS
25 September - 11 October 2013	CAS assessment of applications
14 October- 29 November 2013	CAS diagnosis and report submitted to Council
Monday 2 December 2013	Officer assessment and recommendations made on CAS activity completed
Friday 13 December 2013	IDM report on decisions published and provisional notification to all organisations of recommendations and their right to make representations to the decision maker at this stage.
Monday 23 December 2013	IDM on awards taken (Note: this is earliest decision date, if the decision is taken later other timings will be adjusted accordingly)
Week 1 - January 2014	Notice of decision published and call-in period commences
Week 2 January 2014	End of call-in period (if applicable)
Week 3 January 2014	Implementation of decision

35. CAS will be responsible for conducting a series of iterative evaluations throughout the lifetime of the funding. Reports will be submitted to Officers on an agreed timetable and will detail progress, challenges, changes to action plans and the wider impact of the transformation. The level and detail of the evaluative process will be determined by the scale and the nature of the transformative activities.

Policy implications

36. Round 5 of the transition fund will support the objectives of council's medium term resources strategy in relation to the VCS. In the coming years the role of VCS organisations will be increasingly important to ensure that our most vulnerable residents are not left behind. To do this in the current financial climate the council and the VCS will together have to change and modernise the way we work and draw upon the expertise and experience that exists across all our partners. Work will continue on the key principles of the relationship between the council and VCS to ensure that they are fit for purpose and robust. Keeping the principles under review will assist in the delivery of activities involving partnership working between the council and the VCS.
37. The MTRS adds some further key principles underpinning the council's approach

to the VCS, to strengthen the resilience of the sector in the context of budget reductions. These can be summarised as:

- Work in partnership to reconfigure and redesign public services to meet the needs of the most vulnerable
 - Reduce the burdens imposed by commissioning relationships by streamlining processes so as to minimise transaction costs
 - Promote the sharing of back office costs, and collaboration and merger, where appropriate
 - Better understand the overall funding landscape and how council funding helps the VCS lever in funds from other sources
 - Support VCS organisations to access new sources of funding and resources
 - Support the VC in developing effective and best-value-for-money services
 - Support VCS engagement with the personalisation agenda
 - Support the VCS to innovate and develop new models of service delivery
 - Find ways of supporting the VCS in ways other than financial.
38. Southwark's Economic Wellbeing Strategy 2012-20 has been developed to support the delivery of the Fairer Future promises. It sets out the ambition to work with partners (including VCS partners) to make Southwark a place where:
- People, especially young people, are equipped with the skills and ambition to make the most of the central London location;
 - Where businesses grow and prosper;
 - Where town centres and high streets thrive and
 - Where residents are financially independent.

Community impact statement

39. The purpose of the transition fund is intended to promote the development of a more effective and sustainable voluntary and community sector at a time when the government is withdrawing funding to the public sector. The voluntary and community sector reflects the diversity of the borough and provides vital services to residents in an area of relatively high levels of deprivation and disadvantage.
40. An equalities impact assessment has been undertaken on the previous rounds of the Transition Fund process. The aim of the fund is to help mitigate the effects of the challenges facing the VCS and in particular reductions in public sector. The fund will therefore have a positive community impact in the current difficult financial circumstances.

Resource implications

41. As was the case with earlier rounds of the transition fund there will be resource implications for council officers with regard to the manual of regulations, advertising and award stages of the programme, but these will be managed within existing resources.
42. In addition, the diagnostic, evaluation and reporting functions in this round will be subcontracted to Community Action Southwark. Whilst it is difficult to accurately determine the level of resources these activities will require, based on the estimate of organisations that would be eligible for this funding programme it is expected that the delivery of this part of the programme would be between £30k

and £40k. This cost has been taken into account in the £250k earmarked for this round of funding.

43. The proposed allocation of £250k for Round 5 is in addition to £918,834 previously allocated in Rounds 1 to 4. A further allocation of £250k as proposed in this report will bring the total amount allocated to £1.169m. This is within the agreed budget of £1.5m as set out in the Policy and Resourcing Strategy agreed by Council Assembly on 22nd February 2011. A summary of the funding history appears below in Table 1.

44. **Table 1: VCS Transition fund- history**

Description	Amount
Total fund allocated Feb 2011	£1,500,000
Round 1 allocation	(£376,004)
Round 2 allocation	(£174,902)
Round 3 allocation	(£191,678)
Round 4 allocation	(£176,250)
Funds available before proposed Round 5 allocation	£581,166
Round 5 allocation	(£250,000)
Balance remaining after proposed Round 5 allocation	£331,166

Consultation

45. Through the council/VCS Liaison group there has been an enthusiastic response from the sector to the direction of travel which is seen as innovative and offering opportunities for development, sustainability and efficiency.
46. Officers within the council have also welcomed these developments as it is closely aligned to council priorities and deals with some of the operational and strategic challenges of earlier rounds of the Transition Fund. There is general recognition that this approach could increase collaboration, increase efficiencies and improve service delivery.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Corporate Services

47. On 22 February 2011 a £1.5m transition fund was agreed by council assembly to provide interim support to VCS organisations in order to adapt to an environment of reduced public sector funding. The strategic director of finance and corporate services notes that this report comprises the fifth round of allocation of transition funding to voluntary sector organisations in Southwark. As stated in paragraph 43 the total funding allocated to organisations to date amounts to £919k, which means that the remaining transition fund balance of £581k is sufficient to cover the £250k funding recommended in this report.

Director of Legal Services

48. Section 2(1) of the Local Government Act 2000 ('the 2000 Act') gives the council a discretionary power to promote well-being where it considers this will achieve one or more of the following objectives:
- the promotion or improvement of the economic well-being of its area;

- the promotion or improvement of the social well-being of its area;
 - the promotion or improvement of the environmental well-being of its area.
49. Section 2(2) of the 2000 Act states the power can be used in relation to, or for the benefit of, any one or more of the following categories:
- the whole of the council's area;
 - a part of the council's area;
 - all persons resident or present in the council's area;
 - any person resident in the council's area.
50. Section 2(4) of the 2000 Act lists some of the potential sorts of activities that the council can undertake under the well-being power namely:
- (a) incur expenditure;
 - (b) give financial assistance to any person;
 - (c) enter into arrangements or agreements with any person;
 - (d) co-operate with, or facilitate or co-ordinate the activities of any person;
 - (e) exercise on behalf of any person any functions of that person; and
 - (f) provide staff, goods, services or accommodation to any person.
51. Pursuant to section 2(3) of the 2000 Act in exercising the well-being power the council must have regard to its community strategy which it has a duty to prepare under section 4 of the 2000 Act.
52. The establishment and implementation of the Voluntary Sector Transition Fund falls within the scope of the kind of activities the council can undertake under the well-being power. The Fund is intended to achieve the promotion or improvement of the economic, social and environmental well-being of the council's area which is in-line the council's sustainable community strategy.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Reports & minutes for Rounds 1 - 4 Equalities Analysis	Community Engagement 160 Tooley Street, SE1 2QH,	Andy Matheson 020 7525 7648

AUDIT TRAIL

Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services	
Report Author	Andy Matheson, Senior Commissioning Officer	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Housing and Communities Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
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