

**CCReport of: Neighbourhood Renewal Business Manager**

**To: Executive Board**

**Date: Executive Board 3 April 2006**

**Item No:**

**Title of Report : Review of policies and procedures for support for the community and voluntary sector**



**Summary and Recommendations**



**Purpose of report:** Consider options and make recommendations for the processes and allocation of support to the community and voluntary sector



**Key decision:** Yes

**Portfolio Holder:** Councillor Dan Paskins

**Scrutiny Responsibility:** Community, and Finance



**Ward(s) affected:** All

**Report Approved by:**



Councillor Dan Paskins- Portfolio Holder

Jeremy Thomas- Legal Services



Andy Collett- Financial Services



**Policy Framework:** The Oxford Plan 2006-2009



**Recommendation(s):**



1. Adopt the Position Statement

2. Authorise the setting up of a 'Community and Voluntary Organisations (CVO) steering committee' to implement the mechanisms and timetable in the report, ensuring all CVO support is included, and to assess staffing resources.



3. Ask for a report to Executive Board late May 2006 on the allocation of the revenue grant budget for 2007/8 between themes and area committees, and on staffing proposals for the CVO support Unit

## **Introduction**

1. For the past 3 years the City council has reviewed the revenue grants process, and carried out improvements in procedures. However a more fundamental change is now needed to meet the City Council's requirements.
2. It has become clear that there are issues about how focussed our grants and other support to the Community and voluntary sector are, how transparent the link is between the City Council's objectives and who gets funding and support, and about the level of consultation and involvement of the CVOs in deciding our objectives and funding methods. This review sets out to address these issues.
3. Another key issue has emerged in February 2006 about the legal basis on which we give financial and other support to Community and Voluntary Organisations. Legal rulings, including in relation to new EU directives, may require a revised approach to financial and in-kind support to CVOs, particularly where funding is given with no reference to a competitive process. This report does not seek to address the issue of the legal status of the different types of grant award. This will be considered separately. However the absence of such consideration should have no direct bearing on the 'Delivery Plans' as proposed in this report.

## **Background**

### Changes in the City Council's requirements

4. Changes are required because of new approaches to carrying out the City Council's functions. The Council is seeking to be more strategic, focus on outcomes and customer's need, and secure value for money.
5. The Council has entered agreements about the way it supports the community and voluntary sector (with other agencies and local authorities) requiring it to be strategic, monitor its impact, and consult. For example COMPACT and Local Area Agreements (See glossary in appendix).

### Objectives of the review

6. The objectives for the review were set out in a report to Community Scrutiny Committee on the 26 May 2005. They were to-
  - o Ensure the money is spent effectively
  - o Bring about compliance with government guidelines and local partnership agreements
  - o Ensure the support system is accountable and monitorable
  - o Result in a support system that meets users needs

- Ensure grants that in effect buy services take into account the new procurement strategy, and allow innovative ways of procuring services
- Enable the grants programme to be sufficiently resourced

### Committee report in relation to the Review

7. The Review is described in a full Review Report. (Available in Members' rooms or from Oliver de Soissons 01865 252812)
8. This committee report summarises the findings and presents the conclusions and recommendations for a decision by Executive Board, for implementation from April 2006.

### **Where we are now**

Description of current support (all figures are 2004/5 unless stated). See Review Report for full details.

9. £1.62 million of revenue grants are allocated through a system administered by Neighbourhood Renewal Business Unit. CVOs apply, stating what funding they need. Grants cover a very wide range of sectors, including Arts, Youth, Advice and Housing. The councillors make the final choice between applications based on officer recommendations.
10. Area Committees( in 2006/7) have a discretionary revenue budget of £212,000, and capital allocation of £263,000, much of both going to CVOs.
11. Information on other support given to CVOs has not in the past been collated. This makes it difficult to assess the size of support. There is substantial other support, in grants, rates and charges reductions, secondments, and officer time. The review was able to get estimates of £164,000 of additional support. However there is likely to be substantially more given across the Council.
12. The City Council's strategies and policies that affect CVOs are not co-ordinated
13. Lack of analysis of the current CVO and Service delivery makes it difficult to respond to government initiatives and secure additional funding.
14. City Council decision making on CVO support is not co-ordinated and therefore it is difficult to review or monitor CVO support.
15. There is one member of staff administering the Revenue Grant programme. There is insufficient staff time for sufficient monitoring of

larger and more complex grants, and for developing more focussed criteria and assessment.

### Summary of the other factors that need to be taken into account

16. While there was a high level of satisfaction from current beneficiaries, consultation involving Councillors, Community and voluntary organisations, and officers indicated that substantial changes were needed to the current system.
17. The City Council has signed up to Oxfordshire-wide initiatives that require a joint approach to support for the CVOs (COMPACT and the Local Area Arrangements) including:
  - Support for capacity building,
  - Defining of outcomes, and
  - Monitoring of progress.
18. The City Council has present and future strategies that CVO support needs to be compatible with. For example the Social Inclusion Strategy, Children's and Young People Plan, and Supporting People Plan.
19. The Comprehensive Performance Assessment (CPA) strongly weights delivery of priorities with stakeholders (corporate assessment), and showing value for money (use of resources). CVO support is highly relevant to these assessments.

### **Where we want to get to**

20. The Review includes a Position Statement to clarify the features of a CVO support system that would meet the above needs, as identified through consultation and research. The Review recommends that the Position Statement on the next page be adopted.
21. The key features identified in the Position Statement are:
  - Use of "Delivery Plans" which spell out how funding and other support will deliver outputs and outcomes, and why particular delivery methods are used (for example small grants, restricted tenders, joint partnerships etc), and why CVOs are being used to deliver the outcome.
  - All CVO support should be considered together, including grants, rate and rent relief, reduced fees, and staff secondments
  - The use of "desired outcomes" (based on customer needs) and "derived outputs" to target support
  - Look at funding in terms of "themes"- Youth, Social inclusion, Arts etc.
  - Allocate money in different ways more appropriate to secure different outcomes; from giving small grants; shopping for

- services or projects from existing providers, or investing with CVO organisations in creating new provision
  - Have flexibility to be able to use revenue grant funding for alternatives (for example improving City Council buildings used by CVOs, or staff secondments).
  - Bring the political decision-making early into the process, to decide
    - 
    - What desired outcomes and outputs, and priorities between them
    - How the outputs and outcomes would be delivered
- And at the end of the process to
- Authorise payments
- 
- Consultation early on in the process, with CVOs and other funders and service providers- in developing outcomes and outputs and the support delivery plan

### **Position Statement for CVO support:**

Overall position statement: The choices of what and who to support, in what way, are made explicit; and are based on understanding of the themes, and includes a consideration of value for money.

**1. Allocating support is separated into 3 phases: Developing priorities and projects, appraising them, and deciding which to support.**

**2. CVO support is targeted to achieve desired outcomes or derived outputs that can be monitored, where possible**

**3. Support to CVOs is aligned with the strategies and agreements that the City Council has adopted or signed up to.**

**4. Support is based on an understanding of the themes, including results of investigating the needs of the CVOs and their users.**

**5. All types of support for CVO sector (revenue grants; reduced rates, rent and charges; in-kind, partnerships, etc) are looked at together.**

**6. Support for CVOs is co-ordinated with other funders and stakeholders, to maximise the impact of support.**

**7. The City Council has a fully funded system for planning, assessing and monitoring CVO support, with appropriately levels of skilled and knowledgeable staff.**

**8. The City Council is clear why and when it is:**

- Giving support, with less tangible benefits
- Buying services or outputs, with derived outputs as targets (where there is capacity)
- Investing, with desired outcomes as targets (where there is not capacity in the CVOs)

**9. All long-term support to be subject to time-limited agreement**

Year on year funding of the same organisation would not be possible without detailed assessment and a 3 year agreement

**10. The level of assessment and monitoring be scaled depending on the amount of money involved.**

## **How to get there**

### What we can build on

22. Recent and up-coming reviews and strategies are researching and analysing key areas of council work or “themes”. Examples are:
  - Review on Advice provision
  - Supporting People Review on Hostel Use and Move-on
  - Social Inclusion Strategy
  - Children and Young People Plan
  - Leisure And Sport Best Value Review
23. Interagency work, which is having an increasing impact on the City Council’s working, is being based on desired outcomes, and research and analysis of the current situation. For example joint work with the PCT (Primary Care Trust).
24. There will still be a substantial task to review research, current policies and business plans to develop a map of the existing situation and to describe objectives in terms of desired outcomes.

### Process of deciding support

25. The recommended process and timing of deciding all CVO support in 2006/7 set out in the Flow Diagram on the next page. The process is based on implementing the Position Statement. The level of review and monitoring would be scaled depending on the amount of money involved.
26. Note the separate decision making points for Councillors, and the inclusion early in the process, of consultation and working with other funders and service providers.

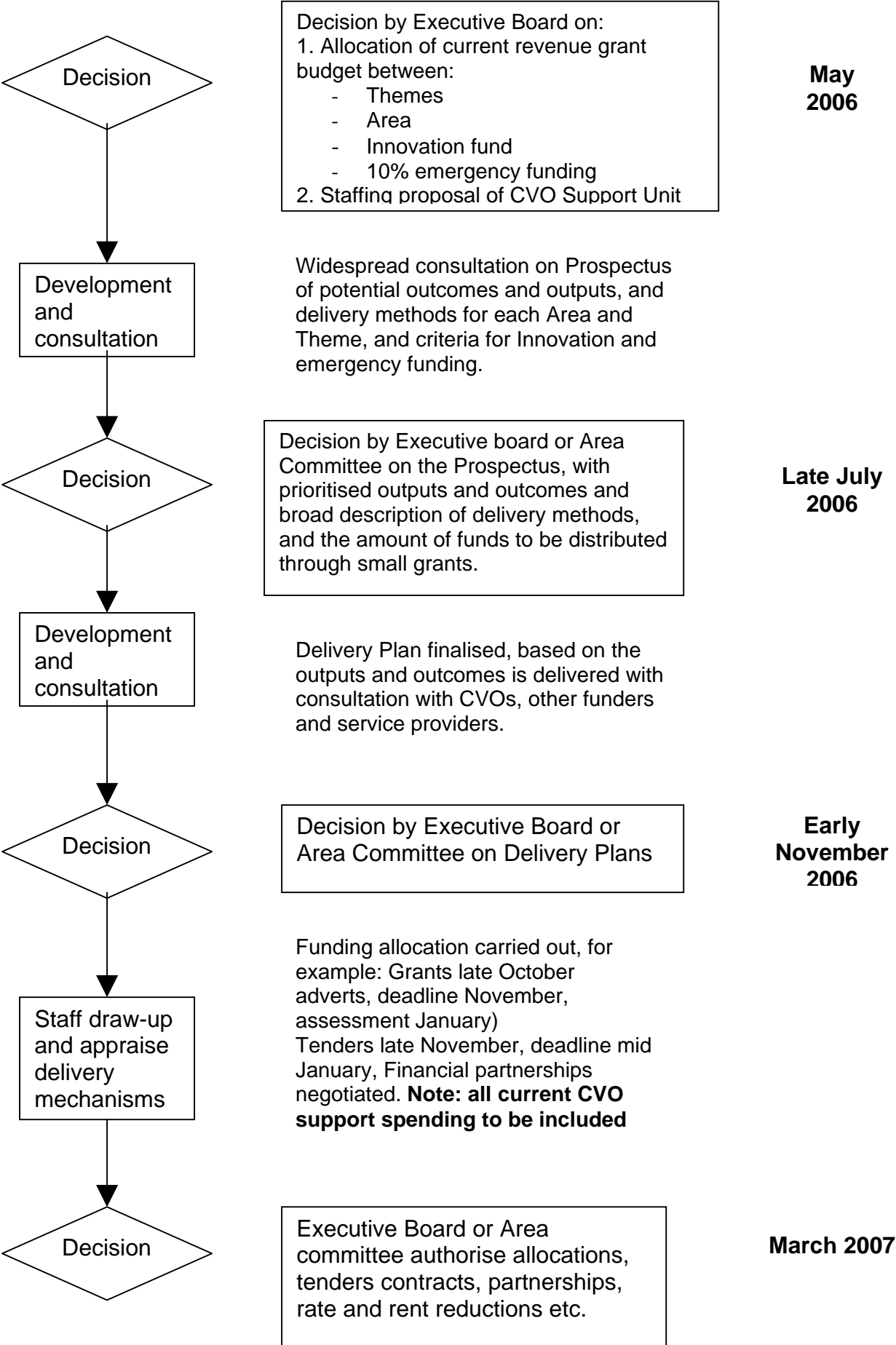
## **Staff roles and resources**

27. The review recommends the creation of a CVO Support Unit to improve co-ordination and monitoring, and the setting up of a steering group to oversee the introduction of the new process. There would also be a substantial role for Business Unit staff.

### CVO Support Unit, and Business Unit staff

28. The ‘cross-business unit’ CVO Support Unit would administer all CVO support, co-ordinate development of Support Delivery Plans, assess proposals before they go to committee, co-ordinate consultation, and bring greater expertise to deciding on outcomes and outputs.

# Flow diagram of process of deciding CVO support during 2006/7



29. Business unit staff and CVO Support Unit would develop a 'map' of the needs and currently funded structures (both buildings and organisations) for each theme; and use this to develop the 'prospectus', and to advise Councillors. This work would also feed into and be guided by BU plans and strategies
30. Business Unit staff and the CVO Support Unit would develop the 'Delivery Plans'
31. Monitoring would be done by Business Unit staff, guided and checked by the CVO Support Unit
32. All administration for the delivery of CVO support would then be carried out by the CVO Support Unit. This would:
  - give one point of contact for CVOs,
  - ensure a consistent approach
  - make monitoring of effectiveness of Support easier
33. Resources would need to be reconfigured to support the new process. More staff time and expertise is needed for the additional functions recommended here

#### The CVO support steering group

34. During the implementation of the new CVO funding and support system there is a need for an inclusive steering group to put changes into place and identify changes in criteria and approach for grant awards in 07/08. The board would also identify longer-term support that have to be agreed in 07/08, the rest will wait until fuller research and analysis is completed in 2007.
35. The steering group would:
  - identify staff resource needs and make a revenue bid as appropriate
  - design job descriptions for new posts
  - propose top-slicing of grants budget to pay for new post(s)
  - review financial relationships within partnerships affecting CVOs
  - Take forward tendering issues that need to be addressed quickly (for example joint-funding of advice services with the County Council).
36. The steering group would include senior officers in Neighbourhood Renewal, Strategy and Review, Finance, Legal, Area committees, Housing Services, and Leisure and Culture. The portfolio holder for Social Inclusion and a representative of the CVO sector umbrella body OCVA, would also sit on the board.

#### **Timetable**

37. The report recommends a two-phase introduction of new arrangement:



**Year 1** Introduction of new system by CVO Support Board. For allocations for 2007/8 financial year it would only apply to revenue grant budget, but research and background work would take place to include all CVO support (in-kind payments, rent and rates reductions etc) for allocations for financial year 2008/9.

**Year 2** (to March 2008 for grants in financial year 2008/9) sees the full introduction of a system based on delivery plans, and including all support for CVOs including in kind, rates and rent rebates, and staff secondments.

## Conclusions

38. The Position Statement sets out what the City Council needs in a CVO support system.
39. A process of deciding CVO support is recommended, based on the Position Statement, summarised in a Flow diagram
40. The City Council needs to change the way it allocates support to CVOs.
41. Change will result in improvements in efficiency and effectiveness of support; with changes in who, how and what the Council supports. Change will also make working with other authorities and organisations easier- increasing external funding.
42. Initially there will have to be considerable work to find out what for and how CVO support can be used to deliver desired outcomes, and extra staff resources may be needed
43. There is a need for a 'CVO steering group' to oversee changes, ensure all CVO support is reviewed and assess staffing required.
44. A timetable was drawn up based on gradual adoption of the processes over 2 years, co-ordinating with the Oxford Plan and Business Unit Plans processes.
45. The improvement delivered by the new system are shown in the following Table 1

## Appendix

- i/ Table 1-Comparing current system with new system (2 pages)
- ii/ Glossary (1page)
- iii/ Minutes commenting on the Review, Scrutiny and Area Committees
- iv/ Comments by Community and Voluntary Organisations
- v/ Officer responses to comments

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**Background papers:** Notes and summary report of consultation on support to CVOs, by Oxford City Council in 2005.

Full report of Review of CVO Support by Oxford City Council

(Copies of the Full report are available in Members Rooms, or electronically from [odesoissons@oxford.gov.uk](mailto:odesoissons@oxford.gov.uk) )



Appendix: “Review of policies and procedures for support for the Community and Voluntary sector”

Table 1 comparing current and new system

<b>Current system</b>	<b>New system</b>
<p>Reactive</p> <ul style="list-style-type: none"> <li>- Only the CVOs develop projects and services to be funded</li> </ul>	<p>Proactive</p> <ul style="list-style-type: none"> <li>- The City Council can be involved in developing projects and services, including providing sharper focussed criteria- desired outcomes and outputs</li> </ul>
<p>Very broad goals</p> <ul style="list-style-type: none"> <li>- Makes it very difficult to select projects in a transparent and focussed way</li> </ul>	<p>Desired outcomes and outputs based on customer needs</p>
<p>No dialogue with community and voluntary organisations, or other funders, possible.</p> <ul style="list-style-type: none"> <li>- As a result the City Council frequently ends up funding existing buildings and organisations</li> </ul>	<p>Dialogue built-in</p> <ul style="list-style-type: none"> <li>- This enables need for long-term change to be identified</li> <li>- Can build-in joint working with and between CVOs</li> <li>- Can develop joint funding approach with other funders</li> </ul>
<p>Inflexible</p> <ul style="list-style-type: none"> <li>- Gives money in form of grant, once a year. This restricts the objectives that can be met</li> </ul>	<p>Flexible-</p> <ul style="list-style-type: none"> <li>- Can use commissioning, long-term investing in capacity, and grants. Can have various time slots for funding, including Contingency funds</li> </ul>
<p>Un-coordinated</p> <ul style="list-style-type: none"> <li>- Grants, rate and rent relief, emergency funding, reduced fees, staff secondments, joint-funding proposals are all considered separately, and not allocated on same criteria</li> <li>- Results in poor value for money as some organisations are over funded, others lose out</li> </ul>	<p>Coordinated.</p> <ul style="list-style-type: none"> <li>- All support is considered against same “desired outcomes”, and can be modified to be consistent and more effective.</li> <li>- Good value for money secured</li> </ul>
<p>Confusing number of contacts</p> <ul style="list-style-type: none"> <li>- There are many different contacts and procedures for CVOs to secure support from the City Council.</li> </ul>	<p>One stop shop for all CVO support</p> <ul style="list-style-type: none"> <li>- The CVO support Unit will administer all support to CVOs and be the contact point</li> </ul>
<p>Difficult to monitor</p> <ul style="list-style-type: none"> <li>- What the City Council wants to achieve by each grant or support is not tightly enough described in shared terms</li> <li>- Support is not co-ordinated or recorded jointly</li> </ul>	<p>Easier to monitor</p> <ul style="list-style-type: none"> <li>- Use of agreed desired outcomes</li> <li>- Co-ordinated support</li> <li>- Administration by one staff unit</li> </ul>

Table 1 comparing current and new system (Continued)

<b>Current system</b>	<b>New system</b>
<p>Administration inadequately resourced</p> <ul style="list-style-type: none"> <li>- One person is insufficient to monitor existing revenue grants to an appropriate level,</li> <li>- Business Units are not releasing adequate staff time</li> </ul>	<p>Administration adequately resourced</p> <ul style="list-style-type: none"> <li>- The proposals include top-slicing the grants budget to increase staff resource in the CVO Support unit</li> <li>- Better buy-in through earlier involvement of Business Unit staff, and extra administration support from the CVO Support Unit, should result in more business unit staff time available</li> </ul>
<p>Discourages research and analysis</p> <ul style="list-style-type: none"> <li>- Being reactive leaves no need to understand the underlying needs, existing structures and potential alternatives</li> </ul>	<p>Is based on research and analysis of the current situation</p>
<p>Cannot consider alternatives to CVO support to deliver goals</p> <ul style="list-style-type: none"> <li>- There is no stage of the process where alternative uses of the money can be considered</li> </ul>	<p>Has flexibility at the 'Prospectus' stage to consider alternatives</p>
<p>Political decision only between individual projects or services</p> <ul style="list-style-type: none"> <li>- The decision presented to Councillors makes it impossible to make a considered decision on <ul style="list-style-type: none"> <li>▪ Choosing between objectives,</li> <li>▪ Selecting best method to meet objectives (grants, commissioning, partnership)</li> <li>▪ Selecting the organisation that is most likely to deliver the objectives</li> </ul> </li> </ul>	<p>Separates political decision making between:</p> <ul style="list-style-type: none"> <li>▪ Objectives described in terms of desired outcomes</li> <li>▪ Methods used, by considering a CVO support delivery plan</li> <li>▪ Organisations receiving funding- by voting to authorise grants, tenders or partnerships</li> </ul>
<p>Not linked to City Council strategies and Business Plans</p> <ul style="list-style-type: none"> <li>- Only uses the broad goals in directing grant assessment</li> </ul>	<p>Linked to City Council strategies and Business Plans as desired outcomes are developed</p> <ul style="list-style-type: none"> <li>- CVO support can complement the City Council's work</li> </ul>
<p>Not deliver against agreements the Council has with CVO sector and other service providers (Local Area Agreements etc)</p> <ul style="list-style-type: none"> <li>- Level of consultation too low, inflexible, not build capacity of CVOs</li> <li>- Not meet the commitment to allocate support based on research and desired outcomes</li> </ul>	<p>Meets City Council agreements with CVO sector and other service providers</p> <ul style="list-style-type: none"> <li>- Consultation built-in</li> <li>- Flexible</li> <li>- Allocation based on research</li> <li>- Uses desired outcomes</li> </ul>

## Glossary

Term used	Meaning
CVOs	The abbreviation stands for Community and Voluntary Organisations. You may have seen the abbreviation elsewhere as VCO, or VCS.
Theme	For the purpose of this report the term refers to types of the Council's work in terms of the people (or environment) affected or the goal of the work: for example Youth work, Housing need, Sport, Social inclusion.
Map of Theme	This is a description of the needs of people (or the environment), the policies and strategies, and the existing delivery structures- both buildings and organisations.
Desired outcome	A desired outcome is a description of the meeting of the identified needs of people (or environment): <i>For example: In Blackbird Leys all those that need after-school childcare have it.</i>
Derived output	Where it is difficult to measure directly a desired outcome, the provision of a certain level of facilities or service can be substituted. However to be a derived output it would be necessary to show how the output level is derived from the desired outcome: <i>An example would be: Increase by 50% provision of after school club places accessible to all families in Blackbird Leys.</i>
Giving, Shopping, Investment	These terms relate to the basis on which money is given to CVOs: <ul style="list-style-type: none"> <li>▪ <b>'Giving'</b> is where money is provided with only a broad understanding of what the money will achieve- for example small grant to community organisations to support local initiatives.</li> <li>▪ <b>'Shopping'</b> refers to the City Council looking to buy the delivery of derived outputs, and knowing that the capacity to deliver exists. This is based on commissioning and tight regulation.</li> <li>▪ <b>'Investment'</b> applies where the capacity to deliver does not exist in the CVOs and some of the money given is to building up the capacity of the organisations to deliver the outcome or service- for example for buildings, training and core service funding. As a relationship develops, less tight regulation is possible.</li> </ul>
Developing, appraising, deciding	There are distinct actions in allocating support to services or organisations,. They need to be kept separate to ensure the final decision is seen to be fair: <ul style="list-style-type: none"> <li>▪ <b>'Developing'</b> action is where outcomes, outputs and proposals to support services or organisations are being developed. Input of ideas and views from a wide range of people, including CVOs and councillors is appropriate.</li> <li>▪ <b>'Appraising'</b> action is where the proposals are assessed against criteria, for example proposed outcomes against City Council policy, or assessing bids by different CVOs to supply a service.</li> <li>▪ <b>'Deciding'</b> action is where a decision is made that the appraising is correct, and to formally act- adopting a Support Delivery Plan or releasing funds for particular projects.</li> </ul>
Oxfordshire COMPACT	COMPACT is an Oxfordshire wide agreement to improve and sustain better working relationships between statutory, community, voluntary and faith organisations
Oxfordshire LAA	The City Council is part of agreements to pool some funding, and to co-ordinate work with other statutory bodies. The agreements cover work in 4 areas: Economy and Enterprise-Thriving communities, Children and young People Healthier Communities and Safe and Strong communities