

GRANT REVIEW: SUMMARY OF CONSULTATION RESPONSES ON GRANT REVIEW PRINCIPLES AND RECOMMENDATIONS FOR FUTURE GRANT FUNDING

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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

The report relates to the proposed new principles and arrangements for Copeland Borough Council grant funding. It summarises the feedback received as a result of the Council's consultation "Grant Review 2012 Proposals" and proposes new arrangements for future grant funding. It contributes to the Council's overall transformation programme, in particular the delivery of proposed new strategic priorities and policy framework.

**WHY HAS THIS REPORT COME TO THE EXECUTIVE?
(eg Key Decision, Policy recommendation for Full Council, at request of Council,etc.)**

The report recommends policy and budgetary recommendations for Full Council approval.

RECOMMENDATIONS:

That the Council:

1. Approve the principles and operational policies set out in 2.2 and section 4 of this report;
2. Agree to delegate implementation on a case by case basis to the Director of Services with the appropriate Portfolio Holder, including exercise of discretion available within the principles set out in Recommendation 1 above; and
3. Agree that the changes be effective from 01 April 2013.

1. INTRODUCTION

- 1.1 At its meeting on the 13 November 2012, Executive agreed a number of proposed principles on which the future of Copeland Borough Council grant funding would be based. A subsequent consultation followed on these proposed principles which ran between 14 November 2012 and 15 January 2013 in conjunction with the Council's main consultation "Proposed Budget Savings 2013-15, The Future Role of the Council".
- 1.2 Historically, Copeland Borough Council has provided grant funding for a number of years to a variety of organisations across the Borough. Currently, the Council provides over £200,000 per annum in grant funding to organisations including Parish and Town Councils, charities and community and voluntary organisations.
- 1.3 The Council has sought to protect grant funding from budget cuts over the past two years. However, the unprecedented financial situation facing the Council has led to a fundamental review of its role and strategic priorities going forward, setting out proposals to prioritise statutory services and reduce spending on discretionary services. Discretionary services will either stop entirely or be provided at a reduced level with a reduced level of subsidy.

2. FUTURE PRINCIPLES OF GRANT FUNDING AND A NEW APPROACH

- 2.1 The proposals regarding changes to the Council's current Grant Scheme were set out in our consultation document and this is attached at Appendix A.
- 2.2 The grants consultation was based on the following key principles:
 - a) Grants should help the Council to meet its strategic priorities
 - b) Grants should be affordable to the Council
 - c) Grants should be managed in line with best practice Service Level Agreement (SLA) arrangements ensuring there are clear outcomes and outputs associated with grants
- 2.3 The consultation was also based on the following policy proposals in line with the proposed new policy framework:
 - a) Grants that support the delivery of financial inclusion and advocacy services within our local communities should be prioritised and remain, with the possibility of enhancement
 - b) The Council's approach to grants should support the Council's wider approach to Community Asset Transfer (CAT) and associated aspects of localism

- c) The Concurrent Service Scheme, which can currently be accessed by Parish and Town Councils in Copeland for delivering various services to their communities is revised, and the establishment of a transition funding arrangement to help support the development and implementation of the Council's new CAT policy is established
- d) Grants associated with discretionary services are significantly reduced
- e) Grants aligned to statutory duties are reviewed to ensure they are fit for purpose and offer value for money.

2.4 With regard to discretionary services, these are:

- Arts development and delivery
- Sports and recreation
- Tourism and tourist facilities
- Regeneration
- Parks and open spaces

3. CONSULTATION RESPONSES - KEY MESSAGES

3.1 Organisations currently in receipt of grant funding from the Council were consulted regarding the proposals. Individual Heads of Service responsible for the grant with the grant aided body undertook this consultation which included writing out to each organisation potentially affected with a copy of the proposals. A number of organisations took the opportunity to respond to the consultation.

3.2 From the consultation, the following key messages emerged:

- A number of organisations recognised that the Council may need to make changes due to the financial situation; however, given the importance of such funding to organisations, there was general support for maintaining funding where possible,
- At a time when Parish Councils are facing uncertainty around future funding and setting of precepts, there is support for the retention of the Concurrent Service Scheme grant funding for Parish and Town Councils;
- Some organisations that responded identified that funding from council enabled them to lever additional funding from elsewhere;
- Arts organisations identified the importance of council funding in supporting bids for funding from elsewhere. This was reflected in

correspondence from the Arts Council stating the importance of the availability of local authority funding as a criteria when deciding to award funding to local projects;

- There was general support for the introduction of Service Level Agreements and commissioning based arrangements, reflecting the existing practises of other grant funders; and
- Organisations supporting the Council in its compliance with the Equality Act 2010 and the Public Sector Equality Duty advised of their direct work with protected characteristic groups, promoting equality and community cohesion.

4. PROPOSED CHANGES

- 4.1 It is proposed that a number of changes to the current grant funding arrangements are made. These changes would ensure that the grant scheme provided by the Council is aligned to new strategic priorities and the Council's revised policy framework and as such the implementation of the changes would be effective from 01 April 2013. Such changes would also ensure that grant funding is sustainable going forward and helps the Council target its resources to those most in need. Members should also note that Statutory Best Value Guidance (revised 2011) sets out guidance relating to proportionality and notification periods. The operational policies reflect this and are set out below.

Grants that support the delivery of financial inclusion and advocacy services within our local communities should be prioritised and remain, with the possibility of enhancement.

- 4.2 In the current economic climate and with the proposed reforms to welfare benefit impacting our communities from this year onwards, it is recommended that grants to organisations delivering financial inclusion and advocacy services are prioritised and maintained at the current level. It is also recommended that – subject to the annual budget setting round – an additional sum of money is made available in 2014/15 to support this work further reflecting the likely progress and impact of welfare reform.

The Council's approach to grants should support the Council's wider approach to Community Asset Transfer and associated aspects of localism.

- 4.3 In order to support the implementation of Community Asset Transfer in Copeland - key feature of the revised policy framework - it is proposed that a specific fund is set up to support this in 2013/14. The fund would be delivered in accordance with the Council's new Community Asset Transfer policy. The fund would seek to support groups taking on assets, while assisting the Council in meeting its corporate objectives.

Grant funding to the Concurrent Service Scheme is retained at its current level for 2013/14.

- 4.4 Reflecting on the feedback received from Parish Councils, it is proposed that the Concurrent Service Scheme is retained at its current level for 2013/14. The Council will continue to work with Parish and Town Councils in Copeland during 2013/14 about the most appropriate arrangements going forward.

Grant Funding supporting discretionary areas of Arts Development and Delivery, Sports and Recreation, Tourism and Tourist Facilities, Regeneration and Parks and Open Spaces overall is significantly reduced with an appropriate notification period.

- 4.5 In line with the Council's revised policy framework and budget strategy, it is recommended that grants issued to organisations delivering discretionary services are overall significantly reduced. Organisations affected by such changes are to be provided with a minimum three month notice period. Consideration was given to a 6 month notice period however; it would not be possible to achieve the savings identified for this area of activity by doing so.

Grants aligned to statutory duties are reviewed to ensure they are fit for purpose and offer value for money.

- 4.6 These grants are provided to a small number of organisations whom assist the Council in the discharge of its statutory functions, particularly around its compliance with the Equality Act 2010 and Public Sector Equality Duty. It is recommended that these grants remain and are reviewed annually in line with current practice.

Future management of grants includes the use of Service Level Agreements and where possible and appropriate, the use of contracts.

- 4.7 The Council currently has a number of service level agreements in place. It is recommended that these service level agreements are reviewed (including where these are delivered in partnership) and that in future all

grants are subject to a minimum of a service level agreement. In some instances it is recommended that it would be more appropriate to move to a contract with the relevant organisation. This reflects the nature and scale of the service provided. Such arrangements ensure the Council is clear about what it expects of organisations receiving grant funding and that performance is regularly assessed.

- 4.8 Whilst we recognise that any arrangements put in place should be proportionate, it is also recommended that these service level agreements and contracts form the cornerstone of a subsequent performance management framework with such bodies and that this should include monitoring the profile of service users and reporting this back to the Council on a regular basis. This will support the Council's commitment to its public sector equality duties ensuring that access to services is promoted regardless of the nature of the provider.
- 4.9 Heads of Service will remain responsible for setting out service level agreements and any contracts with the relevant organisations. However, it is also recommended that to ensure that best value is achieved the Council develops an oversight function in regard to its grant scheme and its future development.

5. EQUALITY AND DIVERSITY

- 5.1 In order to support the Equality Impact Assessment, the consultation asked organisations how the grant review proposals would affect their service users. Not all respondents addressed this question and therefore service user profile and data is limited. However of the feedback received, the assessment demonstrates that the proposals could potentially have an adverse impact on the following protected characteristics: **age**.

6. MITIGATING ACTIONS

- 6.1 The Council is mindful of its responsibilities with regard to the Equality Act 2010 and the Public Sector Duty as well as the Best Value Guidance (revised Sept 2011). We are therefore recommending the following:
- That in maintaining some grants in line with the Council's strategic priorities access to services is promoted;
 - The future grants scheme embraces the use of service level agreements and contracts and that equality considerations are built into these; and
 - That the performance of these agreements is regularly monitored including service user profiles.

7. ALTERNATIVE OPTIONS TO BE CONSIDERED

7.1 A range of alternatives have been considered during the development of these proposals. These are as follows:

(a) *Maintain the grant scheme as is.* Doing this would not enable the Council to bring grants into line its revised policy framework or allow it to make the saving identified in 2013/2014 (£61,000) or subsequent years.

(b) *End the grant scheme altogether.* This would deliver a £200k cash saving to the Council, however, it would pass disproportionate cuts onto the voluntary and community sector and reduce further opportunities to develop alternative ways of working in the future.

8. CONCLUSIONS

8.1 The Executive are advised that the proposals are based on the Council's proposed future role, strategic priorities and policy framework. The consultation feedback and the impact on organisations involved have been carefully considered. However, despite having protected such organisations over the previous two years, the current and forecast financial situation for the Council means that it has been necessary to review the existing grant scheme and make savings. The revised scheme is designed to help the Council target its resources as effectively as possible whilst ensuring that the scheme is sustainable going forward.

9. STATUTORY OFFICER COMMENTS

9.1 The Monitoring Officer's comments are: Proposals are appropriate and proportionate in context of the Council's reducing resources and concentrate these on statutory and partnership priorities.

9.2 The Section 151 Officer's comments are:

The changes proposed to the existing grants regime, through the use of Service Level Agreement (SLA) arrangements with clear outcomes and outputs linked to the council's strategic priorities will improve the financial management of this area of the councils spending so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

The review also seeks to ensure future arrangements should be affordable to the Council, within the constraints of best value guidance, and provides some options for ceasing grants and tapering arrangement to assist transition. The option to provide a 3 month taper arrangement result in savings of around £66k in 13/14 which is consistent with the target in the medium term financial plan and budget options. The 6 month taper option only provides a saving of c£51k in 13/14 so does not meet the target, and if this option is preferred, additional savings will be necessary from other aspects of the council's budget.

- 9.3 EIA Comments: The grants are one way in which the Council seeks to arrange services with other providers within the Borough. Through the provision of such grants the Council is seeking to sustain and promote access to services in future including by supporting new ways of working. The use of SLAs will help monitor the take of such services in future from an equalities perspective.
- 9.4 Policy Framework: The changes described within this report will ensure that the Council's Grant Scheme is aligned to the Council's strategic priorities and thus will form an integral part of how the Council meets its objectives.
- 9.5 Other consultee comments, if any:

10. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 10.1 The organisations affected by the grants review will be notified subject to a Full Council decision in line with the budget proposals. Following that, appropriate arrangements will be put in place to administer the associated service level agreements and contracts going forward.

11. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 11.1 The proposals set out within this report seek to maintain the delivery of some services via the grant scheme in an affordable and sustainable way whilst contributing to the overall financial position of the Council.

List of Appendices

Appendix A – Consultation Document - Grant Review 2012 Proposals, November 2012

List of Background Documents:

Grant Review Principles – Executive, 13 November 2012



Copeland Borough Council

Grant Review 2012 Proposals

Like all Local Authorities, Copeland Borough Council is facing significant cuts in funding from Central Government and we cannot continue to provide the services that we currently do.

We need to save £2.6m over the next two years and as a result of the financial restrictions we face, we have had to fundamentally review what the Council will look like going forward and the way we operate.

This has led to a set of new proposed strategic priorities and we are proposing to prioritise the provision of statutory (must do) services for residents and businesses in line with our new funding settlement from Government.

Our main consultation “Our Proposed Budget Savings 2013-15, The Future Role of the Council” outlines these proposals in more detail. As part of this wider consultation, the Council published its intent to review its existing grant provision.

Throughout the savings programmes of the past two years, the Council has sought to protect grant funding. However the unprecedented financial situation facing the Council, and the need adapt our role to deal with this, means that it is now timely to review the role and extent of grant funding to community and voluntary bodies.

This document outlines specific proposals for the future of Copeland Borough Council’s grant funding.

We are consulting on these proposals with organisations that are currently in receipt of grant funding from Copeland Borough Council.

1. Copeland Borough Council's Grant Funding Provision

Copeland Borough Council has provided grant funding for a number of years. Currently the Council provides over £200,000 in grant funding to a variety of organisations across the Borough including Parish and Town Councils, charitable and community and voluntary organisations.

Our current approach to grant funding has been considered in the context of wider work around our proposed budget savings for 2013-15 and the future role of the Council.

2. Introduction

The Council is responding to unprecedented challenges around the future role of local government, driven by a series of fundamental changes to the national policy framework and significant reductions in funding.

By 2015, the Council proposes it will be 'a small and flexible Council that works with partners to arrange essential services for residents in Copeland'. To achieve this we propose to:

- Reduce the number and type of services provided or supported directly by the Council;
- Reduce the scope of other services;
- Ensure that where possible our services are targeted, helping to meet community need and helping the most vulnerable in our communities;
- Strive continuously to deliver statutory services which are well managed, cost effective and easy to access and;
- Continue to reduce our running costs

We have also developed some proposed priorities for the Council. These will form the basis of our new Corporate Plan for 2013-15 and are:

- Deliver efficient and effective statutory services ('must dos');
- Alongside others, make our contribution to Copeland as a place that people are proud of, and;
- Be an effective public service partner so we can get the best deal for Copeland.

In line with this proposed future role and priorities, a number of proposals are being made in relation to Copeland Borough Council's approach to Grant Funding.

3. Proposals for a new approach to Grant Funding Provision

Future Principles of Grant Funding

It is proposed that in future Copeland Borough Council's approach to grant funding should follow these principles:

- Grants should help the Council to meet its strategic priorities;
- Grants should be affordable to the Council and;
- Grants should be managed in line with best practice Service Level Agreement (SLA) arrangements ensuring there are clear outcomes and outputs associated with grants.

This would represent a new approach to grant funding and would lead to significant changes for those currently in receipt of grant funding from the Council.

Proposed Changes to Grant Funding

In line with our overall approach to meeting our new financial settlement and new policy direction, the following is proposed:

- **Grants that support the delivery of financial inclusion and advocacy services within our local communities should be prioritised and remain, with the possibility of enhancement.**

It is anticipated that this will help target scarce resources to support the Council with the delivery of targeted services to those being worst impacted by the economic downturn.

- **The Council's approach to grants should support the Council's wider approach to Community Asset Transfer and associated aspects of localism.**

The Council has published its initial Community Asset policy as part of the public consultation process.

- **The Concurrent Service Scheme, which can currently be accessed by Parish and Town Councils in Copeland for delivering various services to their communities is revised, and the establishment of a transition funding arrangement to help support the development and implementation of the Council's CAT policy is established.**

This recognises that Community Asset Transfer offers a number of long term benefits to communities. The transfer of a public sector asset to a community organisation means putting control, empowerment and ownership closer to communities and building the capacity of local groups. It also leads to regeneration, increased community confidence and more sustainable community organisations.

- **Grants associated with discretionary services are significantly reduced.**

This recognises that the Council will in future be prioritising the delivery of statutory services (must dos) and reducing significantly our spending on discretionary services.

- **Grants aligned to statutory duties are reviewed to ensure they are fit for purpose and offer value for money.**

There are a few grants that are aligned to our statutory functions. These will be reviewed.

4. Equality Impacts

Under the Equality Act 2010, public sector bodies have a duty to eliminate discrimination, promote equality and foster good relations.

We currently provide grants to a wide ranging number of organisations and therefore we are aware that proposed changes to grant funding provision could impact on their service users and particular protected characteristics.

A full Equality Impact Assessment will be carried out throughout the consultation using the feedback and evidence we receive.

5. We want your views

We would welcome your views regarding the proposed changes, in particular;

Q1 Your views on our proposals for a new approach to grant funding in future.

Q2 Potential impact on your organisation.

Q3 Potential impact on your service users.

6. Timetable

This consultation closes on the **15 January 2013**. The results of the consultation will be considered by the Executive after that.

Any affected bodies will receive an appropriate notice period.