

HERTFORDSHIRE COUNTY COUNCIL

Agenda Item No.

CABINET

MONDAY 17 SEPTEMBER 2001 AT 10.00 AM

EXECUTIVE COMMITTEE

MONDAY 17 SEPTEMBER 2001 AT 2.15 PM

SUBJECT: BEST VALUE REVIEW OF VOLUNTARY SECTOR FUNDING PROCESSES

Report of Assistant Chief Executive (Strategy)

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1. Purpose of report

To present the implementation plan arising from the Best Value Review

2. Summary

The Best Value Review of Voluntary Sector Funding Processes has concluded with a detailed implementation plan.

This paper sets out the context of voluntary sector activity in the county and summarises the key issues emerging from the review.

Prior to the June elections the Member Panel was chaired by Anthony Kikerr, and subsequently by Derrick Ashley. The other members of the Panel were David Beatty, Frank Clayton, Martin Saunders and Reg Smith.

Outcomes of this Review and implementation of it will be discussed at Resources, Prosperity, Partnership and Consultation Select Committee and Adult Care Services Select Committee in the autumn.

3. Conclusion

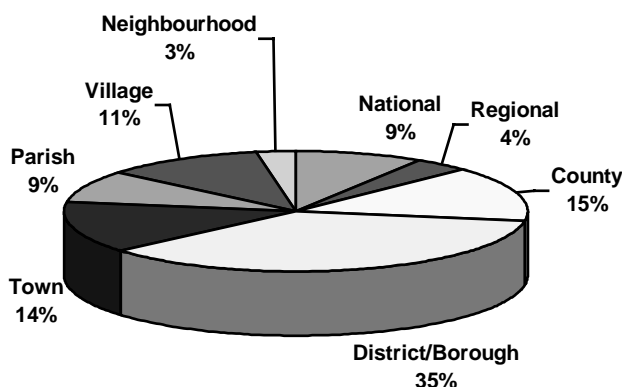
Members are asked to consider the recommendations emerging from the Review as set out in the Implementation Plan attached to this report, recognising this is subject to additional investment. As no budget provision currently exists, it will be necessary to identify efficiency savings within HCC grant making activities, before these proposals can be implemented.

4. The Voluntary Sector within Hertfordshire

Since 1980 there have been substantial changes in the voluntary sector reflecting the move away from direct semi-provision by Government and local government towards provision by a range of organisations, including the voluntary sector. Where funding is tied to service provision the independence of the sector is increasingly threatened.

The sector is vibrant in Hertfordshire and the Community Development Agency 2000 research shows a wide scale of activity across the county.

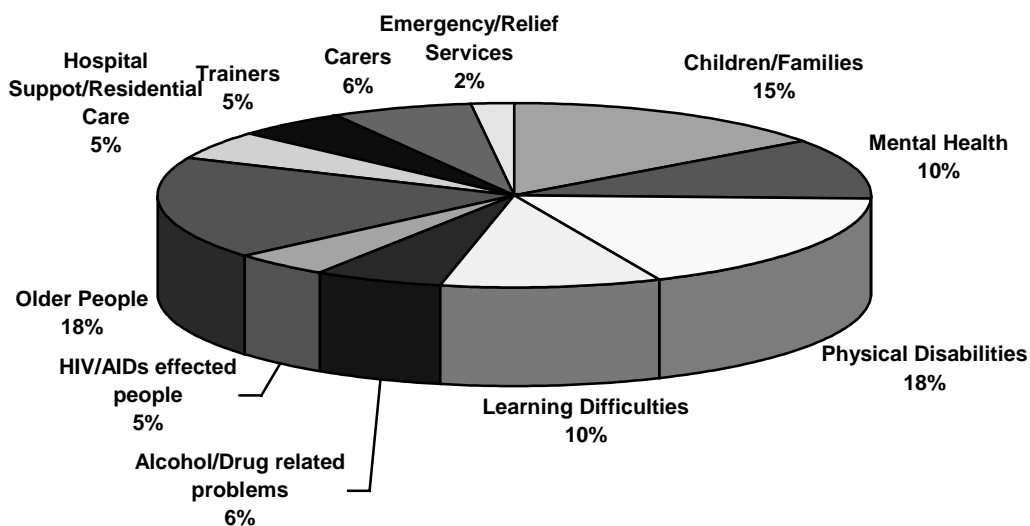
Voluntary Organisations Main Geographical Areas of Activity



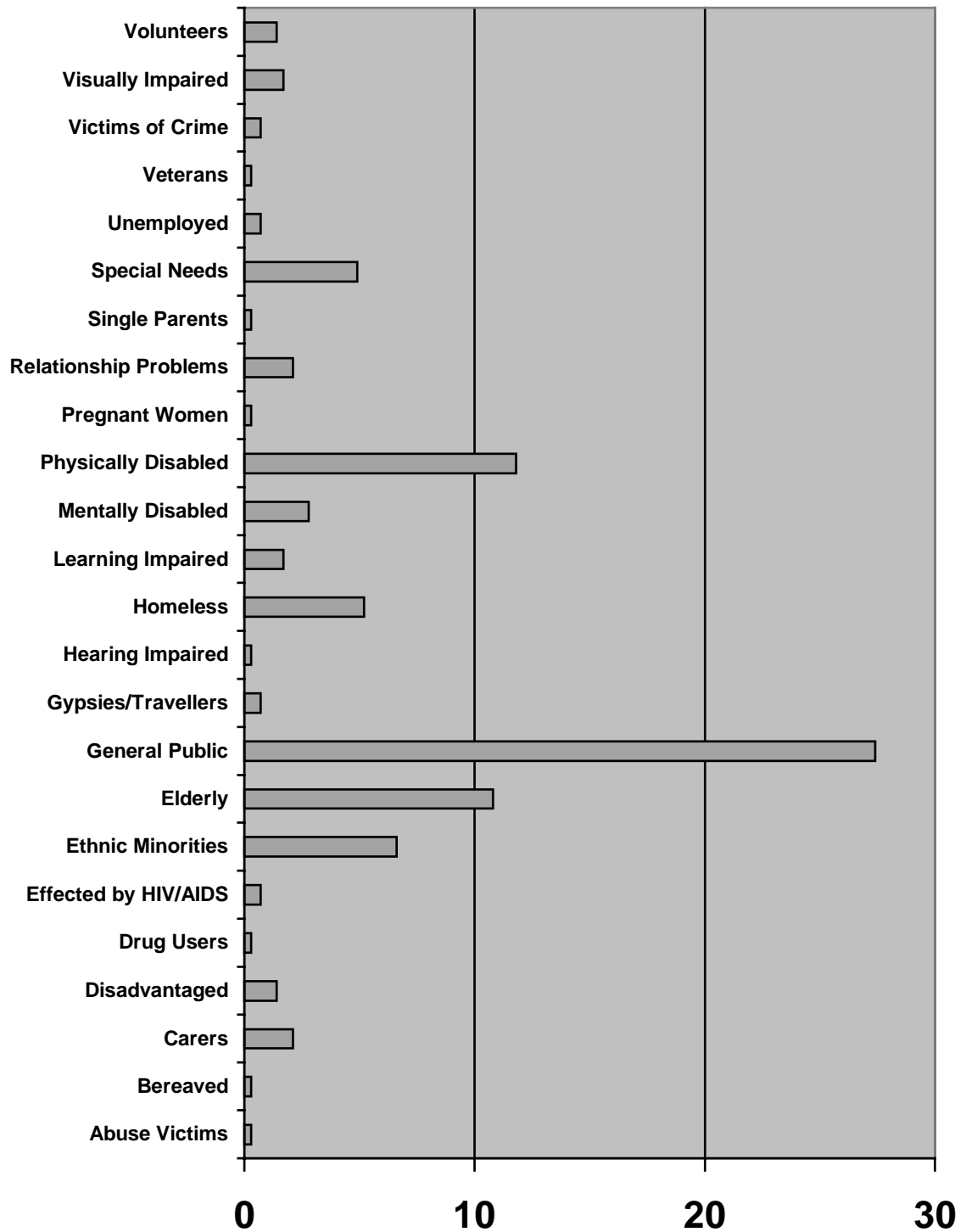
Only 3% of voluntary organisations surveyed operate at neighbourhood level, whereas 15% cover the county and 35% define themselves as operating district wide, 40% of organisations receive local authority funding.

The work of voluntary groups covers a wide spectrum of activity in the county, with the majority operating in the area of health and social care. However it is important to recognise that the sector is a complete mixture of registered charities, voluntary groups and non-profit making organisations. It is too simplistic to give a common identity to all its forms. Even within one field, health and social care the role of the sector is extremely diverse.

Health & Social Care



There are estimated to be in the order of 10,000 voluntary groups within the county and these will impact on the lives of vast numbers of Hertfordshire citizens. The Community Development Agency survey gives a guide to the range of targeted groups:-



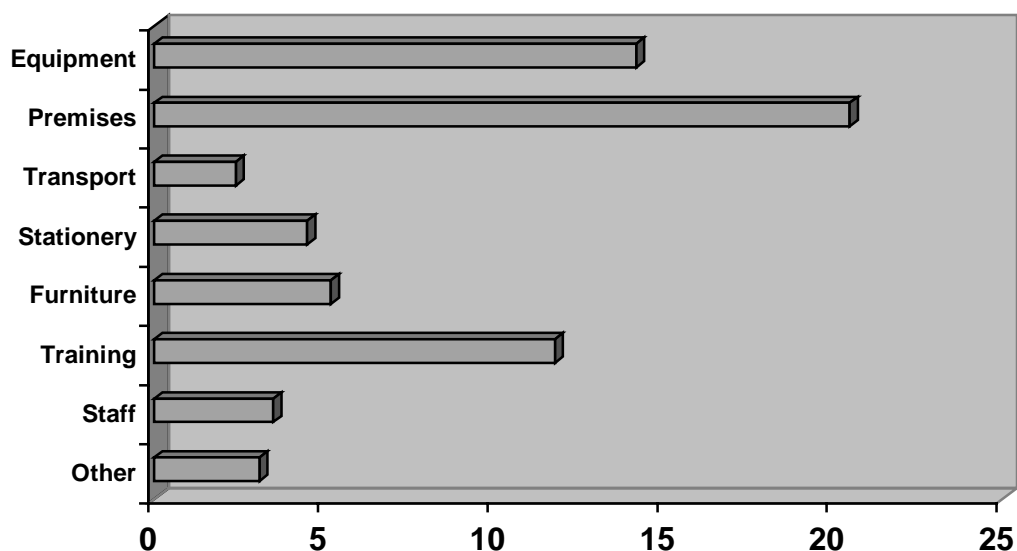
Employment within the voluntary organisations in the county is increasing, whereas the number of volunteers is decreasing. About one half of groups are looking for new volunteers at any one time in area such as driving, administration, general help and client based work. Managing change and adjusting to new ways of working is a key challenge to the sector.

5. Funding & Support

The County Council’s discretionary funding to the sector is now in the order of £5 million per annum. This follows the transfer of about £2m joint finance monies from the Adult Care Services budget to Primary Care Teams.

Voluntary organisations in the county do also receive a range of ‘benefits in kind’ from various sources, including the County Council.

Benefits in Kind



6. Relationships with the County Council

Voluntary sector voluntary organisations play a major role within our communities and their work impacts on many of Hertfordshire's 1 million citizens. The County Council has developed a variety of working relationships, with a variety of organisations, via a variety of departments. Attempts to rationalise this piecemeal development into a county strategy have met with varying success and it is fair to say that this Review confirms the need for fundamental changes in infrastructure and processes to ensure that all stakeholders get the best possible value from the total resources deployed. The Review has confirmed a range of good practices but also weaknesses, both across the board.

Relationships with the voluntary sector are complex, reflecting a diversity of roles, (e.g. from acting as a pressure group to being a significant provider of services). There are also complex relationships where boundaries may be blurred. Sometimes relationships are inter-dependent, for although the County Council may have financial 'power' it is at the same time reliant on the essential services, skills and knowledge, which the voluntary sector can provide.

The developing 'Compact', reported elsewhere on today's agenda, is going to develop our links with the voluntary sector. During the consultation and challenge processes of the review there is a key message that there is a 'charmed circle' of organisations funded by the County Council. The proposals here provide the potential to release resources to enable 'hard to reach' groups to get access to resource. This is something acknowledged by the sector itself. The Compact 'getting it right together' will be launched on 24th September 2001.

In its community leadership role the County Council is keen to work with District Councils and others to ensure that the voluntary sector is appropriately supported and resourced. In this respect the Hertfordshire External Resources Network (HERN) has a key role to play in the coming years. HERN aims to facilitate access to external funding by providing help and guidance towards successful bidding. The website already on Herts Direct, covers:-

- ❑ **Links to useful government, lottery and funding websites**
- ❑ **Toolkit of good practice for bid writing**
- ❑ **Contact details for those who have responsibility for accessing funding**
- ❑ **Information about publications and other resources, including training events.**

One of the challenges facing the county is to increase its share of external funding, including accessing new forms of funding, from public sector resources and elsewhere.

7. What is a Grant?

There has been some debate within the review team about the definition of a 'grant'. Adult Care Service have categorised voluntary sector funding into service provision, partnership and grant. These are clearly defined and will be the basis for further development. In essence the review highlights the need to train County Council staff engaged with the sector to ensure a consistent understanding and consistent application of funding regimes.

A grant is not a payment for services. A payment for services is made in respect of a specific purpose, and is in essence no different from the council making a payment to a contractor. It is generally the case that payments for services are made where there is a statutory duty on the council

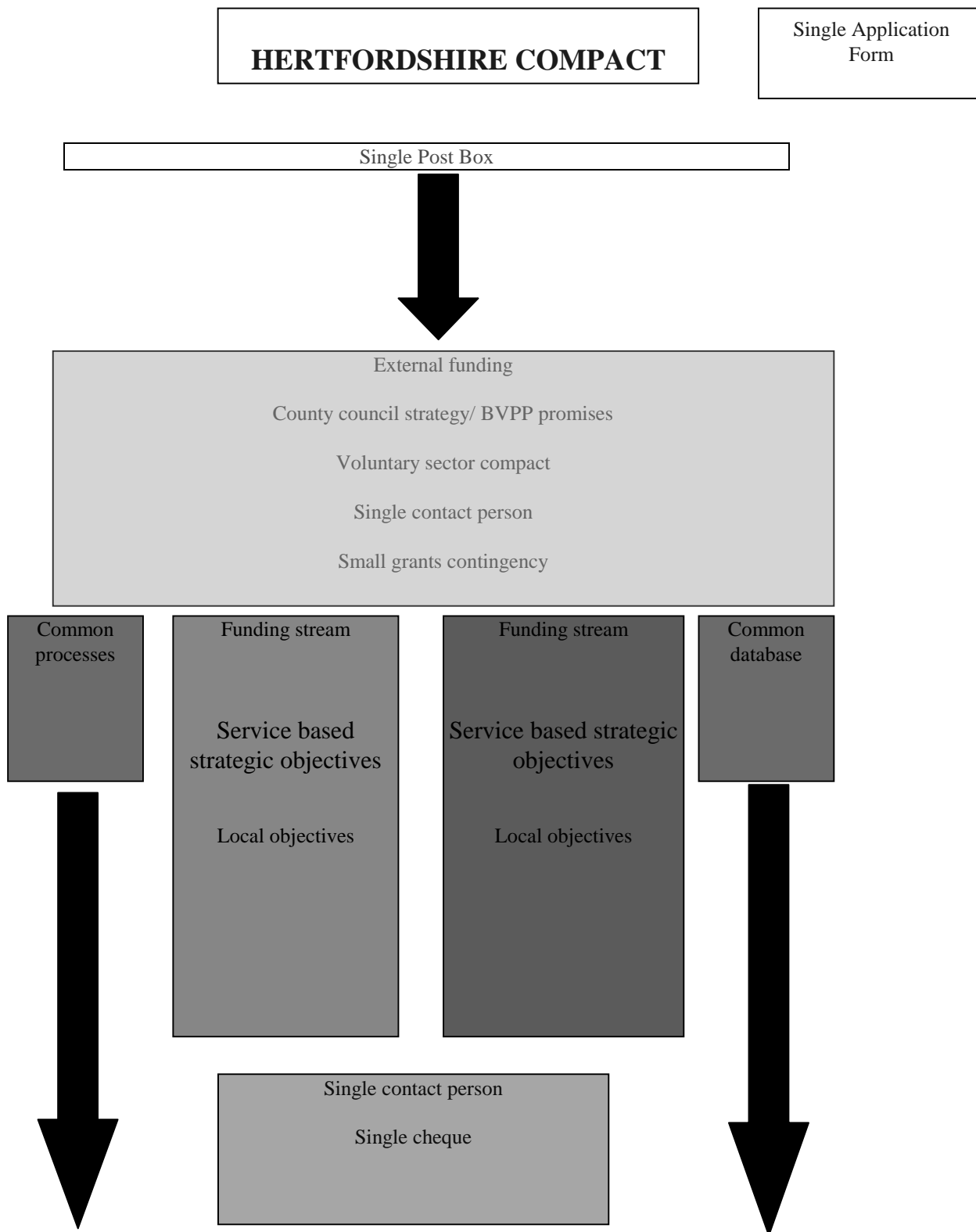
to provide that service, which, in the absence of its provision by the voluntary sector, it would have to do itself. A payment for services is distinguished by the exchange of consideration (in the contractual sense). A grant is not a partnership contribution. Partnerships are predicated on each party bringing together resources of similar or complementary kinds in order to achieve particular objectives. This arrangement is also distinguished by a change of consideration, but that derives more from the added-value of the arrangement than from the delivery of a specific service.

8. A New Approach

Few local authorities have agreed a strategic approach for funding the voluntary sector. The review team is presenting an implementation plan which will, if agreed, establish a framework for grant applications which will show a clear link with the County Council's overall objectives, reflects the needs of services, is transparent, reduces duplication and inequality, and is assessed by outcome measurement. It is critical that the wealth of experience and extensive networks already in place are not lost in new processes. Much of this resource is service based and the proposals are not designed to create a powerful centralist process. They recognise that within an overall council (strategy) linked to the councils key objectives (BVPP 'promises') that there is a necessity for the retention of discrete service based funding streams (in turn linked to service priorities (eg. LA 21 grants in Environment Dept), and that criteria will be set accordingly. Nevertheless the Member Group has asked that further work be undertaken to develop enhanced overall control of the County Council's funding across the services.

The following process chart developed in the Review provides a single post box and a single cheque, accounting for strategic objectives and service priorities.

Hertfordshire County Council Proposed model for voluntary sector funding



The review recognises the important role to be played by partner organisations in order to achieve the best added value for our communities. This is already being demonstrated within Adult Care Services, where a whole variety of services are provided by the voluntary sector in Hertfordshire to support the provision of social and health care.

The county joint executive group, managing the ACS/Health interface has highlighted the value of voluntary sector support and the need to manage it effectively, for the benefit of all concerned. Some of this activity will relate to discretionary grants.

In preparing for the Children, Schools & Families service a consultation was conducted with voluntary organisations in November/December 2000. The results of the work have been integrated into the review, reflecting the contribution that voluntary organisations can make to prevention strategies, and recognising the support offered to help meet the needs of a range of client groups. This activity is demonstrably linked to the council's own major plans, including the Education Development Plan, Quality Protects and Early Years Plans. Funding criteria for CSF are being drawn up with involvement of the sector.

The proposals set out in the implementation plan are consistent with the main areas of attention arising from the CSF feedback.

Access to and transparency of information on funding processes (from initial publicity through to monitoring/evaluation) is a crucial area of change. The County Council, through its Customer Service Centre in particular, and Herts Connect in general, is well placed to deliver the necessary change. The Community Information Directorate is not a grant giving service but has a primary role in delivering the improvements identified in this review.

All of these developments are set within a broader agenda whereby partnership working, community strategies, public service agreements, encourage local authorities to work more collaboratively with their communities and with local organisations. A successful funding regime for voluntary groups in the county must feature good consultation with the sector itself, leading to real change identified here, and integrated systems with shared processes to:-

- ❑ **Reduce duplication/aggregate costs**
- ❑ **Increase transparency**
- ❑ **Simplify for client organisations**
- ❑ **Give rigour and accountability**
- ❑ **Ensure added value**

The review team believes that the detailed plan will achieve these aims.

9. Recommendations emerging from the Review

During the hypothesis stage of the Review the four scenarios for funding process were:

- **Centralise the process**
- **Decentralise the process**
- **Fund countywide groups only**
- **Externalise the process**

Discussion of these is best summarised in the notes of a meeting between council Members and the Wider Reference Group on 23 April (**Appendix 2**)

By presenting these radical ideas we were able to establish the critical elements of a future model.

A set of draft recommendations was presented to the Review Wider Reference Group at a 'Recommendations Workshop' on 4th June, attended by County Councillors.

These received broad support at the Recommendations Workshop and have been endorsed by the Council's Strategic Management Board.

The sector has not yet been consulted on the Performance Indicators and Targets developed in line with the final draft recommendations. The intention is to consult the sector on this detail during the coming weeks. The detailed indicators and targets in some areas will require further work.

For ease of reference the recommendations are set out under four headings:

- ρ **Capacity Building**
- ρ **Strategy & Criteria**
- ρ **Funding**
- ρ **Process**

The council's external challenge, Andrew Cogan, Chief Executive of COVER, has given a considered evaluation of the detailed recommendations, and his views are set out at **Appendix 1**. Successful implementation will require determination on the part of the council and close working with the sector.

It is envisaged that an implementation team (previously members of the core team) will oversee implementation, and that a dedicated resource will be required to drive it.

10. Business Benefits

These proposals represent a significant shift in the council's own processes and a clearer, more consistent relationship with the voluntary sector. It also addresses the bigger picture, enabling closer links on process with other organisations, and being smarter for the interests of the county as a whole.

In particular the plan will:

- Maximise income into the county for voluntary sector activity
- Provide a comprehensive service on available funding streams
- Demonstrate clear link between council priorities and council funding
- Apply consistent criteria, good practice and monitoring
- Provide a single prospectus and single application form
- Provide a single, straightforward workflow process across the council
- Retain local networks and service priorities within a consistent framework
- Free up funding over time and support independence
- Minimise the number of funding agreements
- Seek to develop a countywide approach to funding
- Build on what we are already doing well an eliminate identified weaknesses
- Create efficiency savings within service departments

11. Financial Implications

The Review has confirmed the need for a broad set of measures to improve the funding processes. Most of these measures will be delivered year on year within services, in line with these proposals. Resource needs are outlined in the action plan. This section identifies only direct new activity if that needs to be funded. The development work will be carried out by an implementation team consisting of officers in post (predominantly those who have worked on the Review) in consultation with the voluntary sector and others. These are normal business costs.

Nevertheless it will be necessary to find resources for a number of specific items, shown below, relating to:-

- One off investment in a comprehensive funding database and related systems. The workflow module is already in place as part of the Oracle software for CSF. The cost below is for development of a specific system.
- Central resource to co-ordinate the delivery of the implementation plan. The dispersed nature of current funding arrangements means that there is not a post, which could fulfil this role. Estimated at two days per week for one year
- Full time post dedicated to generating external income. We do not show the income target below, but anticipate significant sums. This would benefit the sector rather than HCC directly although some cash would be recovered.
- Post box administration. A single point of entry for applications is a key recommendation. This will require approximately 30% of one post overall, but will be full time at critical times of the bidding process
- Short term investment in the development of a single prospectus and a single application form.

Item	£ year 1	£ ongoing annual
Data base/systems devt.	10000	
Project co-ordinator	16000	
External funding post	30000	30000
Bidding process administration	8000	8000
Prospectus and application form development	5000	
TOTALS	69000	38000

Efficiency savings from implementing new processes will be in the form of released officer time across services (reduction of agreements, standardised formats and criteria, single process for applications), reduced duplication of processes and use of ICT to reduce paper usage costs.

Being clear with the sector about the purpose for which grants are awarded will enable HCC to get the best return on its resources.

12. Comparison and Competition.

The Review has struggled with finding comparable data for funding processes elsewhere. In view of this a selection of performance indicators from the implementation plan will be useful to form a new benchmarking club with other local authorities. A number of District Councils in the county have been involved with the Review and the recommendations are set in the context of closer working on process.

The potential for competition is restricted to two areas:

- Backroom Process**
- Small Grants Fund**

Discussions have taken place with potential suppliers for these roles.

13. Assessing Risk.

The implementation plan represents an extensive and challenging package of proposals with many interdependencies.

Heavy reliance will be placed on the implementation team to ensure that risks are appropriately assessed, both for the council itself and for voluntary organisations and their clients. The nature of the plan means that early investment in information systems/database development is critical.

Support Papers

The following papers are available on request:

- ◆ Scope of the Review
- ◆ Hertfordshire Compact
- ◆ Analysis of grant payments 1999/2000
- ◆ Consultation
- ◆ Present and preferred position analysis
- ◆ Wider reference group members
- ◆ Core project team members