

EXECUTIVE COMMITTEE

14th January 2019

SUPPORT TO THE VOLUNTARY AND COMMUNITY SECTOR 2020 / 21

Relevant Portfolio Holder	Councillor Mike Rouse, Portfolio Holder for Leisure and Councillor David Thain, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Judith Willis, Head of Community and Housing Services
Wards Affected	All
Ward Councillor Consulted	N/A
Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 This report details options to change some of the support which the Council provides to the Voluntary and Community Sector (VCS). Both the Concessionary Rents Scheme and the VCS Grants Pot (including the Councillor Community Grants Scheme) have been reviewed and details of options for future delivery of these schemes and financial changes are included in this report.

2. RECOMMENDATIONS

The Executive Committee is requested to RECOMMEND:

- 1) which option set out in Appendix 1 it recommends for the next 3 years to financially support the VCS and to advise Officers of resulting savings to build in to the medium term financial plan 20/21;**

And to RESOLVE:

- 2) that an officer panel to be established to deal with applications for any grant awarding activity to include allocation of Institute of Cemetery and Crematorium Management (ICCM) funding, the Financial Advice and Problem Solving grant and general VCS Grant funding; and**
- 3) that delegated authority be given to the Head of Community and Housing Services following consultation with the Portfolio Holder for Leisure, to agree a new VCS Grants Policy in accordance with the preferred option.**

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3. KEY ISSUES

Financial Implications

- 3.1 A table of six options can be found in Appendix 1 of this report. The opportunities and risks of each are set out along with the financial implications/savings for each option.

Background

- 3.2 The VCS Grants Programme is reviewed each year with a view to setting the budget for the programme and to detail the means of distributing funding to the VCS. For 2019/20 the programme budget was set at £220k. This included £75k for the Financial Advice and Problem Solving contract and £145k for the VCS Grants pot generally.
- 3.3 It was agreed that for 2019-20, a new way of distributing the VCS Grants Pot would be utilised. The Council moved away from requiring VCS groups to apply using an application form and decisions made using a Members Grants Panel. Instead the Council introduced the Councillor Community Grant Scheme (CCGS) where each of the 29 Councillors was allocated £5k to fund VCS groups in their local ward area or borough wide. The Executive Committee resolved to undertake a review of the scheme during the first year of its implementation.
- 3.4 In 2017, the Council decided to change the decision making process for allocating funding for a financial advice and problem solving service from a grant to a contract. Citizens Advice Bromsgrove and Redditch were successful in the competitive tender process and were awarded the contract to deliver this service from April 2017 to March 2020. The contract is currently worth £75k per annum.
- 3.5 Further support provided by the Council to the VCS goes in helping to identify which VCS groups receive funding through the Institute of Cemetery and Crematorium Management (ICCM) Recycling of Metal Recovered from Cremation Scheme. The national scheme provides that this funding is ring fenced to local bereavement charities. Local Authorities are able to send (with permission of the families) metal parts recovered after cremation for recycling for money which is then gifted back to the Local Authority to be redistributed to the local VCS. It was agreed last year that the Grants Panel should be making any decisions about this funding. The average annual funding is approximately £21k.
- 3.6 In addition to this support, the Council also provides a Concessionary Rent scheme which enables any VCS group renting a Council owned

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commercial property to receive a discount on their rent. Most groups that take advantage of this scheme receive 70% discount on their rent. Historically, VCS groups have had to apply for the discount using an application form. This has been considered by the Grants Panel and a recommendation made for whether a discount could be applied and at what level (25%, 45% or 70%).

- 3.7 Currently, there are 9 organisations that receive a discount across 13 council properties. Some of these groups do sub-let to other VCS groups which could also be affected by any changes made to the scheme.
- 3.8 The Council has historically set aside a budget for the Concessionary Rent scheme of £63k per annum. The total cost of the scheme is £117k (this includes the full market rent of all the 13 properties affected). VCS organisations in the scheme all currently pay only 30% of the full market rent (which for all properties totals approximately £35k) with the Council having to budget for the remaining £82k). This therefore means that the Council are over budget by £19k.
- 3.9 In July 2019, the Council was issued by its auditors with a Section 24 notice which set out serious concerns about the Council's ability to balance its budget. As a consequence of this, the Council was required to review all of its budgets to see what significant savings could be made. It was felt necessary that an ongoing review of funding for the Concessionary Rent scheme be brought forward as a priority and alongside the annual review of the VCS Grants Programme. The two schemes provide support to VCS organisations totalling approximately £300k (£283 budgeted), as set out below:

Concessionary Rents	£63k (actual spend £82,000)
Community Councillor Grants Scheme	£145,000
Financial Advice and Problem Solving Contact	£75,000

Legal Implications

- 3.10 The Council needs to continue to ensure that it has a transparent and fair grants scheme, ensuring that we comply with the 2015 Local Government Transparency Code
- 3.11 Whilst grant funding and concessions to the VCS are not statutory function, under Section 137 of the Local Government Act 1972, the Council has the power to incur expenditure which in its opinion is in the interest of and will bring direct benefit to its area or any part of it or all or some of its inhabitants. The direct benefit accruing must also be

commensurate with the expenditure to be incurred.

- 3.12 There is a further power to make grants to voluntary organisations providing recreational facilities under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976. Depending on the option within this report that is approved, a new VCS Grants Policy will be required.
- 3.13 Local Authorities must comply with the 2015 Local Government Transparency Code and Best Value duties.

Service / Operational Implications

- 3.14 Consultation has been undertaken as part of this review with both those VCS organisations that receive a concessionary rent and those organisations that can and have benefitted from the VCS Grants Programme in the past and present. The consultation was undertaken to seek the view, options and ideas of the VCS on how any reduced Council funding could best be allocated equitably and transparently to organisations. A consultation event was held on 26th November for all groups to attend, a meeting was held with VCS organisations receiving a concessionary rent on 10th December and a survey replicating the questions at the event on 26th November was circulated to the VCS through the Bromsgrove and Redditch Network (BARN) distribution lists.
- 3.15 The consultation was on the short term provision of support to the VCS, with a view to establishing a longer term process in the future and as detailed in paragraph 3.23 of this report.
- 3.16 Appendix 2 details the responses to the consultation from the event, the survey and the meeting with the concessionary rent holders. Approximately 35 people attended the event representing around 30 organisations. There were only 4 individual responses to the questionnaire. Some of the key points made include:
- some of the VCS stated that the consultation was not a proper consultation - the sector was not being consulted on the amount of funding available to them and the cut being made;
 - VCS groups felt that Councillors did not understand what they do, there was a feeling that the social value and capital provided by VCS organisations was not been taken into consideration in the decision making process;
 - some VCS groups felt that the Council was not taking into account the added value and additional funding the sector brings into the town. They quoted the Charity Commission who state that for every £1 Invested in the VCS will bring in a further £10 in social value;

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- groups would prefer funding made available by the Council to be for core costs including rent, it was felt that rent is very difficult to find other sources of funding for;
- there was a view put forward by some that maintaining the concessionary rent scheme was the most important support the Council could provide to the VCS;
- the majority of participants felt that the larger amount of any funding should be available for core costs with a smaller amount available for small grants;
- the majority of participants agreed that a cap on how much groups could apply for should be in place and that it should be £5k;
- there was a request by some for flexibility in allocating funding rather than strict set pots of funding to bid into;
- the sector expressed a clear preference for an application process as opposed to the current Community Councillor Grant Scheme;
- there was a request that any application process should be straightforward with a simple form to complete;
- funding should be generally allocated in time for the start of the financial year;
- there was consensus that the Council's Strategic Purposes provided the framework for organisations to bid into;
- some participants felt that funding should be allocated to helping other less established VCS groups to sustain themselves and general sector capacity building;
- it was also suggested that the funding might help to bring the sector together and co-ordinate consortium bids;
- there was a suggestion that funding should be utilised to help the sector demonstrate need for the activities and services they provide; and
- that most participants were supportive of the role of the VCS Grants Coordinator and felt that the role could help to build capacity in the sector.

3.17 Additionally, there was a meeting held on 10th December between officers and representatives of organisations who currently receive a concessionary rent for the Council owned buildings they rented. Key points made by the Group included:

- if the Council removed the concessionary rent scheme some organisations would not be able to pay for their rent and would therefore close;
- the Council were cutting from the VCS twice (both concessionary rent scheme and the main VCS Grants pot);
- the costs to the Council of dealing with empty units would be far greater than if the Council continued to subsidise the current groups renting them;

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- the Council was at risk of being financially worse off if the VCS withdrew from the units and they were then to remain vacant;
 - the Council needed to be clear about the level of rent that could be charged for these units given that many of them were and still are in poor condition;
 - the Council sets the value at market rate but it was felt the commercial value of the units is likely to be less than that;
 - it was questioned if the market value of units in Matchborough and Winyates could be made when they were potentially going to be knocked down as part of the District Centre redevelopment plans;
 - groups had invested a lot of money in maintaining and improving the units, one organisation quoted £18,000;
 - each unit and VCS organisation should be considered individually taking into consideration all factors about the unit they rent and the services they provide and impact on the community; and
 - the Council could develop a concessionary rents scheme which looks at what units were lettable and put these VCS organisations inhabiting those units onto a meanwhile lease.
- 3.18 Written representation from the concessionary rent holders themselves has also been made which reflects the points made in the meeting with them on 10th December 2019 as set out above.
- 3.19 Property Services Officers would advise that many of these comments at 3.17 relate to the Council's property functions, as part of its overall ownership and management of its commercial property portfolio. Whilst the comments made as to how the Council might fulfil these functions are noted, they cannot determine how the Council will manage its property portfolio. Details of potential void costs are set out in section 4.2 and reference to property related risks are contained within Appendix 1.
- 3.20 If the wider VCS pot was to be maintained in some form, the consultation exercise strongly showed that VCS Groups were less supportive for the Councillor Community Grants Scheme (CCGS) model to be utilised. Groups had experienced difficulties in securing funding through this approach, some saying the fact that it was often difficult to know how long it would take to get their funding once they had approached their Councillor and also that communication could be difficult at times. The one element that the VCS did like about the CCGS scheme was the simplicity of the application form which they would like to keep in any scheme going forward. From an Officer perspective, the CCGS scheme did require a large amount of administration and a large percentage of the VCS Grants Co-ordinator's time was taken up by co-ordinating communication about

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applications between VCS groups and the Councillors and keeping records of what funding had been allocated.

- 3.21 In line with the consultation, Officers are minded to establish any new process and policy for the distribution of funding made available through a wider VCS Grants Pot, one which invites applications for funding from the VCS which align with the Council's Strategic Purposes. This will be very similar to methods used in previous years as part of the VCS Grants Programme and is likely to be the least disruptive way of implementing any VCS Grant Pot programme for the next 3 years.
- 3.22 As a general cut is being applied to the wider VCS Grants pot, it is also recommended that the budget for the Financial and Problem Solving Advice service is also subject to a reduction in funding. The recommendation is to save £25k from this pot and reduce the funding to £50k per annum. Officers have made available to Members the monitoring reports submitted over the lifetime of the contract which sets out the outcomes achieved to this point. It is also recommended in this report that in line with the recommendation of support to be guaranteed to the VCS generally for three years, that funding be given to whichever organisation is successful in delivering the Financial and Problem Solving Advice service in the future for 3 years also.
- 3.23 This report proposes options for a 3 year short term proposal to support the VCS at the end of which it migrates to a longer term sustainable scheme. Such a scheme would be developed in consultation with and engagement with the VCS, private businesses and wider public services. One possibility could be the establishment of a Redditch Community Foundation.

Customer / Equalities and Diversity Implications

- 3.24 A general Equalities Impact Assessment has been conducted for the proposed changes and cuts to grant funding which sets out any implications for Equality Groups from these proposals. This is attached at Appendix 3. The Assessment will be continuously reviewed once the preferred option has been determined and an action plan developed accordingly.

4. RISK MANAGEMENT

- 4.1 Risks for each of the options are set out in Appendix 1. In terms of the Concessionary Rent Scheme the current level is not commensurate with the budget which has been set for the scheme.

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- 4.2 A number of the options propose either the removal of the scheme altogether or removal of the scheme over a transition period. These proposals do pose the risk to groups that currently hold a concessionary rent not being able to afford an increase in the rent and folding altogether or moving out of the premises. It is therefore prudent for the Council to examine the risk of these properties becoming void as a result of these proposals. There clearly would be additional costs such as utility charges, void inspections costs, and business rates that the Council would need to find if properties were left empty. The main void costs to the Council if all 13 units were empty per annum are as follows:

Total Full Market Value of the Units - £117,160
Business Rates Payable (after 3 months of the properties being vacant) - £57,523
Utility Standing Charges Payable - £3120
Void Inspections Costs Payable (estimated) - £2925
Total - £180,728 per annum

There may be other costs not included in this calculation such as insurance and maintenance costs.

- 4.3 With the proposed reduction of funding available for the Financial Advice and Problem Solving service there is a risk that any organisation in a position to apply for the funding to deliver the service may not be able to deliver what is required with the funding available. This could result in no applications submitted for this funding or a service being provided which does not have the breadth and scope to meet demand.
- 4.4 By reducing the amount available through the wider VCS Grants pot, the Council will not be able to fund the breadth and diversity of projects it currently funds. However, Members have decided to retain the VCS Grants Co-ordinator post as a means of helping to build capacity in the sector and to support more inexperienced groups in finding and applying for other sources of funding.

5. APPENDICES

Appendix 1 – Options Table

Appendix 2 – Write up of consultation with VCS groups on 26th Nov, questionnaire results and consultation with Concessionary Rents Holders on 10th Dec.

Appendix 3 – Equalities Impact Assessment

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6. BACKGROUND PAPERS

- Local Government Transparency Code 2014
- Voluntary Sector Task Group Report 2014
- Reference Executive Committee report 2010
- Policy for Leases of Council Land & Property at a Concessionary Rent – Executive Report – 18th December 2012
- Concessionary Rents – pre-decision scrutiny, short, sharp review – final report to Executive Committee from O&S Committee - 18th December 2012
- Review of Policy for Leases of Council Land & Property at a Concessionary Rent – 9th July 2013
- Concessionary Rents Consultation Report - VCS Concessionary Rents Holders – 4th December 2019
- Financial Advice and Problem Solving Contract Quarterly Monitoring Reports submitted by Bromsgrove and District Citizens Advice 2017 – 2019.

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