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## Report to the Finance, Performance and Resources Select Committee

<b>Title:</b>	To look at the policy and process for awarding funding to the voluntary sector
<b>Committee date:</b>	Tuesday 10 November 2015
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<b>Cabinet Member sign-off:</b>	Martin Phillips

### Purpose of Agenda Item: Information

To update Select Committee Members on:

- i. the process for awarding funding to voluntary and community sector (VCS) organisations;
- ii. trends in BCC funding of the VCS, and;
- iii. the MTP VCS impact assessment process.

### Summary

#### Section A: The Process for Awarding Funding to the VCS

1. As a rule, the process for awarding funding to VCS organisations is the same as that for awarding funding to any provider of services to BCC. The over-riding principle is one of transparency, with requirements set out in the Council's standing orders.
2. As of 1<sup>st</sup> April 2015 the new standing order thresholds for obtaining quotes have been significantly raised to provide Officers with greater flexibility:
  - Less than £25k: one written quote
  - £25k-173k: three written quotes (previously £25k-50k)
  - £173k+ (EU threshold): competitive tender (previously £50k+)

3. Regardless of financial thresholds, Officers must achieve the best value for public money spent and will be required to “demonstrate the procurement principles of transparency, non-discrimination, equal treatment of suppliers and proportionality.”
4. Over the past five to seven years contracts have largely replaced grants as the preferred method for funding VCS organisations. This is because while grants can be awarded for specific purposes or projects, Officers cannot require the delivery of specific services or service levels (i.e. as outlined in a specification or service level agreement) or recover funding if services are unsatisfactory<sup>1</sup>.

This can make it harder to demonstrate return on investment and value for money (VfM). However, this does not mean that grants cannot deliver VfM – the [National Audit Office](#) recognises that grants can be as effective as contracts in achieving outcomes, depending on the circumstance.

5. There is no threshold at which commissioners are required to choose contracts over grants. However, commissioners should demonstrate transparency in the way funding is awarded, regardless of the nature of the agreement.
6. The Council's Standing Orders encourage Officers to consider the use of local SMEs when selecting suppliers to quote. This is of relevance to the VCS, as the majority of Bucks based VCS organisations would also fall into the category of SME.

#### *Issues around the tendering process*

7. In recent years a number of local VCS organisations have been unsuccessful in tendering for contracts to provide services which they previously delivered through a grant. Where this has affected an organisation's core funding, this has sometimes led to the loss of a wider range of activities or services that were made possible by a predictable and secure income stream.

BCC partly mitigates this risk through its VCS infrastructure support contract and the New Futures Buckinghamshire programme, which provides opportunities for VCS organisations to develop and improve their tendering skills.

8. The BCC Commissioning Framework (currently in development) will allow commissioners to weight local knowledge and social value in relation to our strategic aims when awarding contracts, which also gives local providers a potential advantage over larger, sometimes national competitors.

#### *Grants*

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<sup>1</sup> Identifying whether a funding arrangement is a grant or a contract is complex with no clear national definition. Crucially charities do not have to pay VAT on grants but must do so on contracts. If a contract is mistakenly described as a grant the recipient may be liable for any unpaid VAT, although this is usually clawed back from the funder. There is a broad consensus that a grant is a payment to help the recipient. In return, the grant funder gets nothing back. A grant is usually provided subject to conditions that state how the grant must be used. Under a contract, payment is made in return for goods or services, defined by terms set out in the contract (Blake & Hart, 2010).

9. There is no set BCC process for distributing grants. In recent years the number and value of grant programmes has decreased, in line with reductions in BCC budgets.

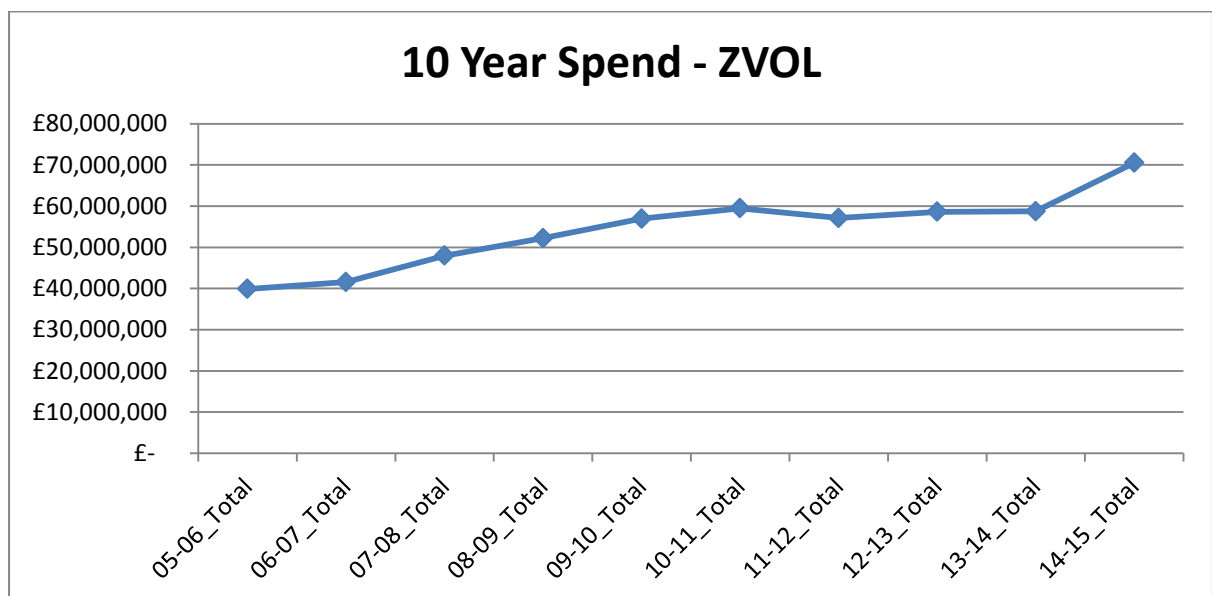
10. Grants broadly fit into three categories:

- a. short term one-off investments designed to provide seedcorn funding to enable the start-up of projects and not to fund ongoing costs (demonstration of sustainability is generally required as part of the application process). Currently there are two programmes that fit this description:
  - i. Prevention Matters Grants Programme (2014-15: £150,000)
  - ii. Physical Activity Strategy (2014-15: £158,000)
- b. contributions for core activities. These grants support a variety of small community based services and organisations and in some cases are critical in supporting ongoing operating costs. The organisations receiving these grants tend to be small local organisations, some of whom have been receiving grants from BCC for a number of years. The value of these grants in the current financial year is £234,000, the majority awarded by Adult Social Care.
- c. payments to arms-length organisations and trading arms. There are two grants in this category, £7.2m to the Bucks Learning Trust and £550k to Bucks Business First.

11. A list of grants is given in Appendix A.

### Section B: Trends in BCC funding of the VCS

12. In 2014-15 Buckinghamshire County Council spent £70.5m with VCS and not for profit organisations. Spend has increased over the previous ten years, shown in the graph below.



Graph 1: SAP ZVOL account group 10 year spend. The significant increase in spend in 2014-15 is accounted for by the £12.5m grant to the Buckinghamshire Learning Trust (BLT). If this is removed from the analysis, total spend for the previous three years is more static.

13.209 vendors in the SAP ZVOL account group (reserved for VCS and not for profit organisations) received funding from BCC in 2014-15. The table below shows that where funding reductions have been made in recent years, these have been disproportionately at the smaller end of the funding spectrum. These smaller amounts are also more likely to have been short-term project type funding and less likely to be supporting core operations.

Income Band (£)	No of organisations (2014-15)	2012-13	2013-14	2014-15	% Change 13-14 – 14-15
Above 1m	12	£41,556,130	£45,172,340	£57,956,511	28%
501k-1m	8	£8,157,155	£5,577,295	£5,666,130	2%
251k-500k	10	£1,824,460	£2,916,902	£3,193,371	9%
126k-250k	8	£1,525,484	£1,345,232	£1,358,525	1%
51k-125k	13	£1,068,870	£1,241,450	£1,040,790	-16%
11k-50k	39	£2,161,293	£1,887,112	£1,073,384	-43%
0-10k	119	£2,319,282	£575,937	£238,315	-59%

14. In 2014-15 71% of VCS organisations funded by BCC were based in – and delivered the majority of their services in – Buckinghamshire. They received 32.5% of all VCS funding. There is significant variation in how funding is distributed, as demonstrated below. In the context of point 13, it is significant that the highest concentrations of Bucks based organisations tend to be in the lower value bands:

BCC Funding (£)	No of VCS orgs receiving funding which are also based in Bucks	% of all VCS orgs receiving funding which are also based in Bucks
Above 1m	3	25
501k-1m	4	50

251k-500k	6	60
126k-250k	3	37.5
51k-125k	6	45
11k-50k	31	80
0-10k	92	80

15. Additional data on VCS spend is available in the accompanying “Report on BCC Spend with the Voluntary and Community Sector”.

### Section C: Equality and VCS Impact Assessment in the MTP Process

16. Officers are not routinely required to assess the impact of reductions in funding to VCS organisations as part of the procurement process, although this may form part of their market analysis. Officers do need to do this as part of the MTP process however, where proposed reductions are in excess of £50k.
17. The Revenue Business Case Template contains a VCS screening section with the following question:
- “Does the proposal have an impact on voluntary and community sector organisations either as a result of a reduction/cessation of funding (inc. contracts ending and not renewed or new contracts are at lower cost)?”
18. Where officers answer yes to this question, more detailed supplementary information must be provided (see appendix A for the template).
19. As with the Equality screening questions, identifying negative impacts on VCS organisations does not mean decisions should not be taken. However, VCS screening should ensure that Members are able to make informed decisions and understand the potential impacts of budget reduction proposals.

## Appendix A: BCC VCS Grants 2014-15

Portfolio	Service	Service Description	Provider	Amount (£)
C&YP	Thomley Hall Activity Centre	Provides a recreational facility for disabled children & other groups	Thomley Hall Activity Centre	19,778
C&YP	Thames Valley Adventure Playground	Provides a recreational facility for disabled children and other groups	Thames Valley Adventure Playground	11,250
C&YP	CAB Money Advice Project	Provision of money and debt advice	Bucks CABs	10,000
C&YP	Young Deaf Activities	Youth Club, Play Scheme for the young deaf. Training events and respite support to families	Young Deaf Activities	7,500
C&YP	Buckingham & Winslow Young Carers	Contributes towards provision of a monthly Youth Club for Young Carers living in the Buckingham & Winslow area. Provides learning events and access to social outings e.g. sports events, Theme parks; and an annual residential summer event	Buckingham & Winslow Young Carers	5,000
C&YP	Buckinghamshire Learning Trust  (NOTE: AS OF 2015-16 THIS GRANT IS NOW A CONTRACT)	The Trust provides agreed activities to support the Council to meet its Statutory Duties in relation to; - School Improvement Support - Governor Services Support - Schools Financial Management - Early Years Improvement - Specialist Teaching & Cognition and Learning Service Support - Workforce Development (Early Years and Childcare)	Buckinghamshire Learning Trust	7,021,930
			<b>BU Total</b>	<b>7,075,458</b>

TEE	Community transport in		Aylesbury Vale DaR	
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	AV			24,120
TEE	Community transport in Ch & SB		Chilterns DaR	24,738
TEE	Community transport in Wyc Dist		Chilterns DaR	23,500
TEE	Economic development		Bucks Business First	550,000
TEE	Community Transport Information hub & potential Community Transport development work		Community Impact Bucks	8,000
	CAB Money Advice Project	Provision of money and debt advice	Bucks CABs	10,000
			<b>BU Total</b>	<b>640,358</b>

PPC	CAB Money Advice Project	Provision of money and debt advice	Bucks CABs	20,000
			<b>BU Total</b>	<b>20,000</b>

CHASC	Intouch Plus	Telephone Support Service for Vulnerable Old People	Age UK Bucks	15,381
CHASC	Gardening	Practical assistance involving vulnerable volunteers	CIB	25,000
CHASC	OPAGs	Older Person Action Group co-ord	OPAGs 50+ Forum	5,000
CHASC	Chiltern DC	Assistance & Advice with fuel costs/ poverty	Affordable warmth	7,000
CHASC	Singing for the brain	Social Groups for carers and those with Alz	Alzheimer's Society	2,000
CHASC	Alzheimer's Café	Social Groups for carers and those with Alz	Alzheimer's Society	1,500
CHASC	Alzheimer's Society Befriending	1:1 Befriending for carers and those with Alz	Alzheimer's Society	10,000
CHASC	Simply Walks	Walking Support Coordinator	BCC Rights of Way	10,000
CHASC	Mind Befriending	1:1 befriending for those with MH & reintegration in community	Mind	36,815
CHASC	Pub Lunches	Social Group development in pubs across county	CIB	15,000
CHASC		Support to help maintain centre	Aylesbury Vale Multicultural Centre	3,658

CHASC		Volunteer recruitment service	Wye Valley Volunteer Bureau	335
CHASC	Dial a Ride	Transport	Aylesbury Dial a Ride	7,847
CHASC	Dial a Ride	Transport	The Chilterns Dial a Ride (formerly Wycombe)	6,524
CHASC	Day centre	Day Centre for Older People	Afro Caribbean Day Care Scheme	4,540
CHASC	Day centre	Day Centre for Older People	Asia Elderly Day Centre	3,672
CHASC	Day centre	Day Centre for Older People	Asian Mens Elderly Centre	5,000
CHASC	Day centre	Day Centre for Older People	Caribbean Elderly Hairoun Day Centre	7,520
CHASC	Day centre	Day Centre for Older People	Dosti Asian Ladies Group	2,569
CHASC	Day centre	Day Centre for Older People	Flackwell Heath Day Centre	18,464
CHASC	Day centre	Day Centre for Older People	Northall Day Centre	3,283
CHASC	Day centre	Day Centre for Older People	Long Crendon Day Centre	4,719
CHASC	Day centre	Day Centre for Older People	Quainton Monday Day Centre	4,427
CHASC	Day centre	Day Centre for Older People	Stokenchurch Day Centre	5,530
CHASC	Day centre	Day Centre for Older People	Waddesdon Wednesday Club	5,288
CHASC	Social Activities & Befriending	Social Activities / Befriending for those with a physical disability	Enrych	7,469
CHASC		Telephone support	Samaritans	700
CHASC	Day centre	Day Centre for Older People	The Lantern Club	1,000
CHASC	Day centre	Day Centre for Older People	The Sycamore Club	1,000
CHASC	Day centre	Day Centre for Older People	Monday Contact Club	3,500
CHASC	CAB Money Advice Project	Provision of money and debt advice	Bucks CABs	10,000
CHASC	Prevention Matters Grants	Grant distribution	Bucks Community Foundation	150,000
CHASC		Advice & Befriending	Age UK Bucks	140,701
CHASC		Active Bucks	Physical Activity Strategy	158,000
			<b>BU Total</b>	<b>683,442</b>

<b>Grants Total</b>	<b>8,419,258</b>
<b>Minus BLT &amp; BBF</b>	<b>847,328</b>



## Appendix B

### Section D: The Voluntary and Community Sector (relates to screening question 5)

You have identified that the proposal has a direct impact on voluntary and community sector organisations either as a result of a reduction in, or cessation of, grant funding, or where contracts are coming to an end and will not be renewed, or where new contracts are at a reduced level of funding than was previously the case. Therefore, you should address the questions below insofar as they are appropriate and relevant to the proposal.

#### Questions to consider

Which VCS organisation(s) is / are involved?

What is the source of the current funding (i.e. BCC budget, national funding stream)?

What will the financial impact of the proposal be on the organisation(s) involved?

- % reduction in BCC contribution
- % reduction in the organisation's total income (based on current year income)

What funding does the organisation receive from other Buckinghamshire bodies or organisations (e.g. District Councils, Bucks Community Foundation)? Please provide a breakdown.

What are the reasons for reducing or ending the funding?

How will the proposal impact on:

- the organisation(s) e.g. staffing, capacity)?
- the future of the service\*
- beneficiaries, service users and carers (if not answered in Section A above)?
- volunteers currently providing the service?
- any assets used to provide the service\*?
- the wider local community\*?
- the supply chain, especially where locally sourced?

Is alternative provision of the services available to existing clients? If yes, from which organisations?

Could implementation of the proposal lead to increase demand on other voluntary sector organisations? If yes, what is being done to prepare for this increased demand?

Is there a particular geographical impact?

Will this reduction have a positive, negative or neutral impact on our efforts to encourage people and communities to become more self-reliant?