

Report to Safer Neighbourhoods and Active Communities Scrutiny Board

13th September 2022

Subject:	Update on Review of Voluntary and Community Sector Grants
Director:	Director of Housing, Gillian Douglas
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1 Recommendations

- 1.1 That the Board considers and comments upon the findings and results of the review of voluntary and community sector grants.
- 1.2 That the Board comments on :
 - a) the findings and actions arising from the review
 - b) the proposal to develop a Voluntary and Community Sector Strategy



2 Reasons for Recommendations

The Scrutiny Board has a key role to play in commenting on the review and in shaping future thinking around the council's relationship with the voluntary and community sector.

3 How does this deliver objectives of the Corporate Plan?

	Best start in life for children and young people Grants allocated by Children's and Education directorate specifically deliver against this priority.
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	<p>People live well and age well A proportion of the grants fund work with older people and carers and support people as they get older and their needs change/increase.</p>
	<p>Strong resilient communities The voluntary and community sector (VCS) in Sandwell is vibrant and active with an estimated 1,000 groups in the borough of which a small proportion receive council funding through grants or contracts. The VCS is recognised as being essential to the resilience and health and wellbeing of people living in the borough.</p>

4 Context and Key Issues

Scope of the Review

- 4.1 The review was started in early 2022 and was driven by a need to examine all areas of council business for efficiency savings. It was established that £6.3m was being spent each year on recurring grants to 55 VCS organisations. This does not include one-off grants awarded from time limited funds e.g. the Contain Outbreak Management Fund (COMF) that was available during the pandemic.
- 4.2 A table showing the funded organisations and the grants allocated is shown at appendix 1. Funding amounts range from £2,600 to £700,000 per annum per organisation. (NB some organisations are on 1 year funding and are not included in the 55 organisations in receipt of 3 year funding).
- 4.3 The review does not cover funding to VCS organisations arising from a procurement process i.e. where organisations have tendered against a service specification and been awarded a contract to deliver those services for a set contractual period.
- 4.4 The purpose of the review was to assess all grants against their relevance to the Corporate Plan and how the funded activities contribute to the Plan priorities. In cases where activities are no longer delivering effectively against these priorities a review of the funding to the

organisation would be undertaken resulting in funding being reduced or stopped.

Findings of the Review

- 4.3 The majority of grants are allocated and managed by Public Health, Adult Social Care, Children's and Education and Housing directorates. Of the £6.3m, £1,994,000 is from the Public Health budget, £1,107,800 from Better Care Fund and £672,700 from earmarked funding sources (including £150k from the Housing Revenue Account). The remaining £2,560,000 is the council's voluntary sector support grant budget which is General Fund. In the case of Public Health, funding is administered directly by Public Health to the VCS but also via 're-directs' that are administered by other directorates. 3 organisations are in receipt of a loan from the council, in addition to their grant.
- 4.4 Key areas of activity that are supported through grants are :
- Advice services including debt and money advice, welfare rights and immigration advice
 - Management of community centres (including some owned by the council)
 - Support to carers
 - Health and wellbeing activities
 - Community Offer (community based social prescribing)
 - Support to people experiencing domestic abuse
 - Employment support
 - Infrastructure support services to VCS organisations
- 4.5 The desktop assessments considered the following factors: relevance to Corporate Plan priorities, activities delivered, performance level, additionality (i.e. other funding levered in to Sandwell by the VCS organisation) and impact on communities. Organisations were then rated red, amber or green (RAG) with 6 groups being rated red. These groups are subject to a review. There is a review methodology with 2 officers undertaking each review and communicating clearly with the organisation. Grant agreements and the council's funding guidelines require that organisations be given at least 3 months' notice of reduction or ending of funding.

- 4.5 The vast majority of funded organisations (91%) were assessed as delivering activities that are positively impacting on Sandwell communities in line with one or more Corporate Plan priorities.
- 4.6 A blanket reduction in funding i.e. a 10% ‘salami slice’ across all grants was not supported on the basis that such a cut would not take account of the importance of sustaining or even increasing some activities that deliver against the council’s priorities and could not be delivered in-house or with the same level of engagement and impact achieved by the VCS. The cost of living crisis also has to be considered as many residents rely on VCS organisations for help in this area and demand is rising.¹
- 4.7 Recent reviews (in 2019 and 2020) have already delivered savings of £349k.
- 4.8 SMBC does not currently have a centralised, open and competitive grants process where VCS organisations can apply for a grant against a prospectus that sets out themes, priorities and requirements. This could be an option for the future. There is however a small grants programme run through SCVO who process the applications and administer the grants on the council’s behalf. This funding (£150k pa) is included in the total sum of £6.3m.
- 4.9 There is a central VCS Team in the Business Strategy and Change directorate that advises on grants policies, processes, reviews and paperwork e.g. grant agreements. The review found that a number of grant agreements across directorates were out of date and needed to be renewed which is now being addressed. Grants are administered by officers in directorates who can seek help and advice from the central team.

¹ Evidence includes :The number of children entitled to free school meals continues to increase (from 14,112 in March 2020, 17,417 in September 2021 to 18,878 in June 2022)”
Revenues and Benefits are approving more food bank vouchers. In 2021/22 1,151 food vouchers were issued (compared to 980 in 2020/21) – an increase of 17%.
Advice providers are reporting seeing increasing numbers of people with NRPF (no recourse to public funds) and more complex cases, particularly new arrivals with low levels of English. They are helping residents to access a patchwork of grants and one-off charitable payments.

Actions arising from the review

- 4.10 Savings – the original 10% savings target set as part of the Transformation Programme will not be delivered through a blanket approach to grant reductions. But the overall target remains and an alternative means of delivering it will need to be found by directorates. £103k is being saved through reviews that have been completed and there is potential for a further £150k to be delivered through remaining reviews.
- 4.11 The VCS Team is developing a grant management system in order to standardise and streamline the grants process. This will provide a portal where all grant awards, approvals, agreements, compliance and monitoring information will be held. This is still some way off but is part of the Oracle Fusion project.
- 4.12 Directorates are reviewing whether some grants that are funding services and specified outcomes should be switched to a commissioning and procurement process, resulting in a contract rather than a grant. Information from the council's constitution has been circulated to assist with the decision-making process as to whether a grant or a contract is the appropriate route. Adult Social Care has already identified a number of grants that could be converted to commissioning processes over the next 3 years.
- 4.13 Directorates are ensuring that all expired grant agreements are renewed.
- 4.14 Consideration is being given to whether grant funding should be centralised in future.
- 4.15 It has been identified that it would be useful for the council develop a VCS strategy and that this should be co-produced with the sector. The strategy should be wider than the funding relationship and would build on the commitments in the Compact which already sets out how the council and the VCS work together and standards for joint working/consultation with the sector.

5 Implications

Resources:	The target saving of 10% will be partially met through reviews of some grants and the remaining savings will need to be made by directorates.
Legal and Governance:	The council's constitution sets out the distinction between grant funding and contracts and directorates are reviewing whether any grants should be switched to a commissioning and procurement process.
Risk:	There is a risk of not achieving target savings.
Equality:	The ending of any grant is supported by an equalities impact assessment to identify impact on equalities groups and how these could be mitigated.
Health and Wellbeing:	Public health grants (directly funded and through re-directs) in particular deliver health and wellbeing outcomes.
Social Value	VCS organisations deliver social value as they are locally based, employ mainly local people and draw volunteers from the borough.

6 Appendices

Appendix 1 - List of grant funded organisations

7. Background Papers

Sandwell Compact 2019
Funding Code of Practice 2019

These documents and further guidance can be found at https://www.sandwell.gov.uk/info/200176/business/434/voluntary_and_community_sector_vcs_support/2