



Report of: **Executive Member for Community Development**

Meeting of:	Date	Agenda item	Ward(s)
Voluntary and Community Sector Committee	12 December 2014		All

Delete as appropriate		Non-exempt
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SUBJECT: Support to Local Voluntary Organisations: Extension of Grant Awards from the VCS Grants Fund and the Advice Fund to 31 March 2016

1. Synopsis

- 1.1 This report sets out the background to a review of the council's support to local voluntary organisations. It explains the financial challenge facing the council and references the feedback from a recent formal consultation with the voluntary sector. It suggests that the council, local voluntary organisations, and other partners should work together to develop and implement a resiliency strategy for the voluntary sector and, to allow space for this to occur, asks the VCS Committee to extend current grant awards from the VCS Grants Fund and the Advice Fund for twelve months to 31 March 2016.

2. Recommendations

- 2.1 To agree to extend current grant awards from the VCS Grants Fund and the Advice Fund for twelve months to 31 March 2016. A list of awards is attached as an appendix to this report.

3. Background

- 3.1 The voluntary sector lies at the heart of the council's ambition for a fairer Islington. Each day, hundreds of staff and volunteers in community organisations across the borough provide valuable services to our most vulnerable residents. In 2014/15 the council will spend almost £40m on services delivered by the voluntary sector.
- 3.2 Unprecedented cuts in public spending imposed by central government present enormous challenges to maintaining essential services and responding to new demands. Since 2010/11 the council has had to cut its spending by £112 million and we expect to have to find another £95 million savings over the next four years. By 2018 we expect our overall budget to have more than halved since 2010.
- 3.3 Reduced resources mean that we will have to find new ways of meeting our priorities, which residents

say are jobs, housing and coping with the rising cost of living, and we are open to voluntary sector solutions to improving local services. We want to work with innovative organisations that are well run, provide value for money and deliver positive outcomes for residents.

- 3.4 The council acknowledges the importance of its financial support to local voluntary groups and to the infrastructure that sustains and enables the wider sector to flourish. We will continue to provide funding, and although we won't be in a position to do so to the same extent in future years, we believe we can retain a thriving voluntary sector in Islington if we work together creatively and imaginatively.
- 3.5 To help the council develop its thinking around future support for local voluntary organisations we held an eight week consultation from mid June to mid August 2014. The focus of the consultation was the Islington Community Fund – a £3.4 million pot of money which has six grants programmes.
- 3.6 More than 40 organisations sent in individual responses to the consultation. We also received written feedback from workshops facilitated by Voluntary Action Islington which were attended by 30 representatives of local organisations.
- 3.7 The council is considering this feedback very carefully and is looking at ways of supporting local voluntary organisations to develop greater resilience and independence themselves and within the communities they serve. Suggestions for areas we would like to explore with the voluntary sector, and with other partners, include diversifying income by securing more external funding, reducing costs on things like premises, and strengthening the key skills needed to run successful organisations.
- 3.8 Work on developing a resiliency strategy for the voluntary sector has begun and we plan to use this as the basis for discussions with local organisations, beginning at the annual Islington Voluntary Sector Conference which was held on 29 November 2014. There will be further opportunities for dialogue in the new year.
- 3.9 The VCS Grants Fund and the Advice Fund are the two largest programmes within the Islington Community Fund. Together these two programmes fund 47 strategically important local organisations to a total value of £2.3 million per year. A list of grant awards is attached as an appendix to this report.
- 3.10 Funding agreements are due to end on 31 March 2015. To allow more time to develop and implement a resiliency strategy with the local voluntary sector the council is proposing to extend current grant awards from the VCS Grants Fund and the Advice Fund for twelve months to 31 March 2016.
- 3.11 The amount of funding allocated to each organisation will be the same as in the current financial year. Payment of grant awards will continue to be conditional on meeting agreed outcomes which officers will negotiate with each organisation using existing performance frameworks.
- 3.12 The council is committed to giving a minimum of three months' written notice to VCS organisations if their funding is reduced or withdrawn. Agreeing to extend these grant awards now will provide the voluntary sector with greater financial certainty in the near term and will enable the trustees of local organisations to plan ahead and agree their budgets for 2015/16.

4. Implications

4.1 Financial implications:

Extending current grant awards from the VCS Grants Fund and the Advice Fund for twelve months to 31 March 2016 has been factored in to the council's budget setting arrangements for 2015-16 and is affordable.

4.2 Legal Implications:

The council has power to provide grants to voluntary and community sector organisations under the general power of competence set out in section 1 of the Localism Act 2011.

The provision of these grants is likely to be associated with state aid. The council can provide state aid in relation to 'services of general economic interest' (SGEI) as detailed in Article 106(2) of the Treaty on the Functioning of the European Union and Schedule 3 paragraph 4 of the Competition Act 1998.

Aid of up to €500,000 (approximately £407,675) may be provided to an organisation for SGEI so long as that organisation has not received de minimis aid from any other source in the last three fiscal years which would result in the total de minimis aid to that organisation exceeding the €500,000 (Commission Regulation No 360/2012, the "de minimis Regulation").

In the event that an organization has received other de minimis aid that takes it over the threshold of £407,675, there is an alternative regime for SGEI exemption for high value compensation that may be used. This was established by Commission Decision (2012/12/EU, the "Decision") that came into force on 31 January 2012. Should this be necessary the detailed rules on calculation of cost and record keeping and reporting set out in the Decision will need to be complied with.

In extending the existing grant agreements as proposed in the report the total value of grant provided to each organization over the extended period needs to be calculated in order to ensure compliance with the SGEI requirements as appropriate.

The council must also ensure that it complies with its duty to secure best value (Section 3 of the Local Government Act 1999).

4.3 Environmental Implications

None

4.4 Resident Impact Assessment:

An Equality Impact Assessment was completed in 2011 to assess the impact of Islington Community Fund on different groups of residents. The impact was found to be mainly positive. A copy of the EIA was published as an appendix to the Islington Community Fund report to Executive Committee on 17 March 2011. A Resident Impact Assessment will be completed when a firm set of proposals for reviewing the council's support to voluntary organisations has been agreed. The positive impact of extending current grant awards for 12 months and thereby enabling a wide range of communities to continue to benefit from council funding should outweigh any negative impact caused by delaying the opportunity for new organisations to apply for awards from the VCS Grants Fund and the Advice Fund.

5. Conclusion and reasons for recommendations

- 5.1 The council has had a strong partnership with the voluntary sector stretching back over many years and values highly the role that local organisations play in meeting the needs of some of Islington's most vulnerable residents. Extending grant awards from the VCS Grants Fund and the Advice Fund for 12 months will enable the council to develop a resiliency strategy with the voluntary sector and consider how best to provide support for local organisations beyond 2016.

Appendix:

VCS Grants Fund and Advice Fund: List of Grant Awards

Background papers:

None

Final report clearance:

Signed by:



Executive Member for Community Development

3 December 2014

Received by:

Head of Democratic Services

Date

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