



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

Meeting of:	Date	Agenda item	Ward(s)
Voluntary and Community Sector Committee	9 th November 2015		All

Delete as appropriate		Non-exempt
-----------------------	--	------------

SUBJECT: The VCS Strategy 2016-2020 and the extension of Grant Awards from the VCS Grants Fund and the Advice Fund to 31 June 2016

1 Synopsis

- 1.1 This report presents the new Voluntary and Community Sector Strategy (2016-2020) which has been developed in response to a broad programme of consultation with the Voluntary and Community Sector, Corporate Departments, other public sector bodies and potential future investment partners and in the context of the growing financial challenge faced by the Council and the VCS.
- 1.2 The strategy recognises the considerable contribution that the VCS makes to supporting local residents and re-emphasises the council's ongoing commitment to providing core grant funding to the VCS to deliver a range of activities and services to improve outcomes for local residents. The challenging financial context over the next four years will mean that both the council and the VCS will need to do things differently and work more collaboratively if we are to maintain a resilient and sustainable sector better placed to work to continue to serve the needs of local residents.
- 1.3 The Strategy provides the framework for the Council's VCS Core Grants Programme which currently provides grant support to more than 40 organisations working in Islington. The current VCS grant agreements are scheduled to end on 31st March 2016. The Government's Spending Review for 2015 will not be published until 25th November 2015 and as a result, the Council will not be in a position to publish a VCS funding prospectus detailing available resources until the end of December 2015.
- 1.4 Officers estimate that completing the next grant funding programme submission and decision making processes will take a minimum of three months. The council is committed to giving a minimum of three months' written notice to VCS organisations if their funding is reduced or withdrawn. There is therefore a need to extend current grant awards from the VCS Grants Fund and the Advice Fund for a minimum of three months to 31 June 2016 and potentially up to a maximum of 6 months until 31st September 2016 in order to complete the necessary processes.

2 Recommendations

- 2.1 To agree the VCS Strategy attached as Appendix 1 to this report.
- 2.2 To agree to extend current grant awards from the VCS Grants Fund and the Advice Fund for a minimum of three months to 31 June 2016 and potentially up to a maximum of 6 months until 31st September 2016. A list of awards is attached as appendix 2 to this report.

3 Background

- 3.1 The voluntary sector lies at the heart of the council's ambition for a fairer Islington. There are currently more than 2,200 VCS organisations currently operating in Islington providing a range of activities and services for local residents. The sector plays an important role in providing a voice for the voiceless, mobilising community action, promoting community cohesions and tackling the causes and effects of poverty, inequality, and social and economic exclusion.
- 3.2 Our confidence in the VCS is visible through our contracting arrangements and grant funding. During 2014/15, the sector secured council grants and contracts to the value of approximately £41 million, delivering a range of services, many of which the council has a statutory duty to provide. Since 2011.48 organisations have received direct grant funding of £2.3 Million per annum from the VCS Grants Fund and the Advice Fund enabling them to support and improve the quality of life for thousands of residents. The overall VCS grants fund of £3.5 Million also includes grant funding provision for Direct Rate Relief, Local Initiatives Fund, Community Festivals Fund and the VCS Rescue Fund.

4 The Financial Context

- 4.1 Unprecedented cuts in public spending imposed by central government present enormous challenges to maintaining essential services and responding to new demands. Between 2010/11 and 2015/16 the Council will have cut its spending by £150million. Further savings of £90 million are projected to be required over the next four years if the Council is to balance its budget.
- 4.2 At a time when central government is cutting funding for public services and cutting welfare benefits for those out of work and in work, we need strong and independent voluntary and community organisations more than ever. Reduced resources mean that we will have to find new ways of meeting our priorities. We want to work with innovative organisations that are well run, provide value for money and deliver positive outcomes for residents.

5 Consultation

- 5.1 To help the council develop its thinking around future support for local voluntary organisations, the then Third Sector Partnership team ran an eight week consultation from mid-June to mid-August 2014. The focus of the consultation was the Islington Community Fund which has six grants programmes. 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.

5.2 A series of round table meetings with Key VCS organisations and Members and Officers have continued to inform the development of the strategy over the following months. The draft strategy has been circulated to key VCS partners and presented to the VCS Community Network Group for comment. In addition the draft strategy has been circulated to other key corporate departments and discussed in detail at the Council's Third Sector Strategic Forum.

6 The VCS Strategy Summary

- 6.1 The Council remains committed to continuing to support for the VCS, including maintaining our grants programmes, harnessing external funding opportunities and
- 6.2 The VCS Strategy calls on Islington's voluntary and community sector to use its independence and ability to be responsive to identify opportunities to improve quality of life for Islington residents, by:
- Addressing and preventing deeper complex social issues and long-term challenges that affect our residents
 - Supporting residents to be independent and resilient
 - Promoting community cohesion and champion equality
 - Supporting neighbourhoods and communities to grow
 - Providing or sign-post residents to appropriate, high quality advice and guidance
- 6.3 The strategy sets out a series of commitments from the Council in relation to funding, commissioning and procurement, premises and working strategically with key partners.
- 6.4 Delivering Islington's VCS strategy will require a cross Council approach. The Council's Third Sector Strategic Forum will serve as the primary mechanism for ensuring that the Council adopts a consistent and coordinated approach to its engagement with the VCS. The Council's new Voluntary and Community Sector Development Team will be tasked with coordinating the Third Sector Strategic Forum and the delivery of the strategy's recommendations.

Extending the current Grant Programme

- 6.5 The current grant programme award agreements are scheduled to end on 31st March 2016. The Government's Spending Review for 2015 will not be published until 25th November 2015. At this stage it is anticipated that the Council's Settlement will not be formalised until mid-December 2015. Consequently, the Council will not be in a position to publish a VCS funding prospectus detailing available resources until the end of December 2015.
- 6.6 Officers estimate that completing the next grant funding programme submission and decision making processes will take a minimum of three months. The council is committed to giving a minimum of three months' written notice to VCS organisations if their funding is reduced or withdrawn.
- 6.7 As a result, the Council will need to extend current grant awards from the VCS Grants Fund and the Advice Fund for a minimum of three months to 31 June 2016 and potentially up to a maximum of 6 months until 31st September 2015 in order to have sufficient time to complete the process and provide enough notice to VCS organisations currently funded by the Council's VCS Grants Fund and the Advice Fund
- 6.8 .Officers will of course endeavour to complete the process in the minimum timescale. The

amount of funding allocated to each organisation will be based pro-rata. Payment of grant awards will continue to be conditional on meeting agreed outcomes which officers will negotiate with each organisation using existing performance frameworks.

7 Implications

7.1 Financial implications:

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

8 Legal Implications:

- 8.1 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.
- 8.2 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.
- 8.3 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").
- 8.4 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.
- 8.5 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.
- 8.6 The council must also ensure that it complies with its duty to secure best value (Section 3 of the Local Government Act 1999).

9 Environmental Implications

9.1 There are no environmental implications associated with this report

10 Resident Impact Assessment:

10.1 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 positive. A copy of the EIA was published as an appendix to the Islington Community Fund report to Executive Committee on 17 March 2011. The VCS strategy builds on this existing programme of work.

11 Conclusion and reasons for recommendations

11.1 The council has undertaken a comprehensive programme of consultation with the VCS and corporate, public sector and investment partners in order to develop the VCS strategy. The VCS strategy sets out the council's approach to working with and supporting the VCS over the next four years in the context of the current financial challenges faced by the council and the VCS, the Council's corporate priorities and the growing needs of local residents.

11.2 The spending Review will not be published until 25th November 2015. 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 2016.

Background Papers

Appendix:

Appendix 1 VCS Strategy 2016 – 2020

Appendix 2 VCS Grants Fund and Advice Fund: List of Grant Awards

Final report clearance:

Signed by:



28th October 2015

Executive Member for Economic and Community Development

Received
by:

Head of Democratic Services

Date

Report Author: Pete Courtie Head of Partnerships, Place and Culture

Tel 020 7527 3021

Email Peter.courtie@islington.gov.uk