



## **SCRUTINY COMMISSION – 26 MARCH 2014**

### **REDUCTION IN FUNDING AND SUPPORT TO AGENCIES**

#### **REPORT OF THE CHIEF EXECUTIVE**

##### **Purpose of Report**

1. The purpose of this report is to seek comments from the Commission in relation to the proposed allocation of savings of £590,000 against the Chief Executive's Department's savings requirement in budget line S72 'Funding and Support to Agencies' in the Medium Term Financial Strategy (MTFS) 2014/15 – 2017/18.
2. The MTFS sets out a new vision for the County Council and a new Target Operating Model. It is therefore necessary to ensure that the remaining funding in the budget is closely aligned to the strategic imperatives agreed as underpinning the Council's work for the period of the MTFS.

##### **Policy Framework and Previous Decisions**

3. The MTFS was approved by the County Council on 19<sup>th</sup> February 2014. The MTFS includes £590,000 of savings against 'S72 Funding and Support to Agencies'.
4. At its meeting on 5<sup>th</sup> March 2014, Cabinet approved the commencement of a 12 week consultation period on the outline proposals between 10<sup>th</sup> March and 2<sup>nd</sup> June 2014.
5. A Communities Strategy will be considered by Cabinet at its April meeting, prior to a twelve week consultation period. This strategy will propose a refocused relationship between the Council and communities with an emphasis on enabling and supporting communities to help themselves and others (and thereby help us to manage the demand for services) and to increase the ambition and ability of communities to take over relevant services.

##### **Background**

6. On 19<sup>th</sup> February 2014 the County Council approved the MTFS, including the 2014/15 revenue budget and capital programme. The MTFS includes a £590,000 reduction, to be delivered by 2015/16, to 'funding and support to agencies' from an overall budget of £1.2 million.

7. This proposed reduction of almost 50% was informed by the Leicestershire's Future public budget consultation conducted in the summer of 2013 where 'funding for agencies' was in the top three budget lines identified to "reduce a great deal" or "reduce to some extent" i.e. it was perceived to be a lower priority area where savings could be made in order to protect services to vulnerable people – a clear priority for residents, stakeholders and County Council staff.
8. The decision about the draft savings proposals has therefore been informed by the budget consultation results and by the drive by the current Administration to protect services to vulnerable people wherever possible
9. This budget line currently includes eleven contracts, SLAs or grant funding arrangements with seven different Voluntary and Community Sector (VCS) organisations. The organisations currently delivering these services are:
  - Voluntary Action Leicestershire (3 contracts)
  - Rural Community Council (3 contracts)
  - The Race Equality Centre (on behalf of a consortium)
  - Citizens Advice Leicestershire
  - Citizens Advice Charnwood
  - POWHER
  - Leicestershire and Rutland Association of Local Councils
10. The budget also includes £40,000 of internal funding for Equalities and Diversity and partnership projects.
11. The current levels of funding against each contract area, the proposed funding for 2014/15 and 2015/16 (and 2016/17) and the saving to be delivered against each budget line to contribute to the £590,000 overall target, are shown in the table below. The table also includes lines for two new activities – Community Capacity Building Service and Leicestershire Equalities Challenge Group.

	Current Provider	2013-14 (current)	2014-15	2015-16	Saving £
A. Support for VCS organisations	VAL	595,880	595,880	300,000	<b>295,880</b>
B. Rural Advice/Representation	RCC	55,000	27,500	0	<b>55,000</b>
C. Race, Faith and LGBT representation	TREC	35,000	0	0	<b>35,000</b>
D. Advice and Advocacy Service	CAB	192,000	192,000	192,000	<b>0</b>
E. Think Leicestershire	VAL/LCC	70,000	30,000	0	<b>70,000</b>
F. Healthwatch & Health Advocacy	VAL/POhWER	192,511	41,000	0	<b>192,511</b>
G. Support for Town/Parish Councils	LRALC	20,000	20,000	20,000	<b>0</b>
H. Leicestershire Together	Internal	20,000	15,000	10,000	<b>10,000</b>
I. Equalities - Workers Groups and Budget	Internal	20,000	16,000	12,500	<b>7,500</b>
<b>Sub-Total</b>		<b>1,200,391</b>	<b>937,380</b>	<b>534,500</b>	<b>665,891</b>
<b>NEW Community Capacity Building Service</b>	Tender	0	25,000	50,000	<b>-50,000</b>
<b>NEW Equalities Challenge Group</b>	Tender	0	30,000	30,000	<b>-30,000</b>
<b>Total</b>		<b>1,200,391</b>	<b>992,380</b>	<b>614,500</b>	<b>585,891</b>

## **Proposals/Options**

12. Detailed proposals for each line of the budget are set out below:

- A. It is proposed to maintain funding for Support for VCS Organisations, currently delivered by Voluntary Action Leicestershire (VAL), at £595,880 for 2014/15 but to reduce this amount by 50% to £300,000 from 2015/16 onwards. The County Council funding is part of a larger pooled budget of £800,000, to which five District Councils, the two Clinical Commissioning Groups and Leicestershire Police also contribute.

The consultation process includes engagement with VCS groups about the type of infrastructure support that would be of most value to them in the future. A detailed options appraisal will be undertaken in order to identify the best way to secure both value for money and alignment with the County Council's new priorities (including the emerging Communities Strategy), as clearly a reduction of this scale will have a significant impact. Further information, including a detailed risk assessment and full Equalities and Human Rights Impact Assessment, will be included in the September Scrutiny Commission and Cabinet reports.

The activities set out in the current contract focus on VCS policy and voice, group support and volunteering, which contribute to delivery of a number of Council priorities.

- B. The Rural Representation (£25,000) and Rural Advisory Service contracts (£30,000), currently delivered by the Rural Community Council (Leicestershire and Rutland), were originally due to end on 31<sup>st</sup> March 2014. The proposal is to end both contracts on 30<sup>th</sup> September 2014 (a six month extension to initial two year contracts) and to commission a new, more targeted capacity building service for both urban and rural communities to start in October 2014 (see paragraphs 14 and 15 below for details).
- C. The Race, Faith and LGBT (lesbian, gay, bi-sexual and transgender) Representation contract, currently delivered by the Race Equality Centre (on behalf of a consortium which also includes the LGBT Centre and Human Rights and Equalities Charnwood), is due to end on 31<sup>st</sup> March 2014. It is proposed to commission a new service to support representation of all protected characteristics, including elements of rural representation, from October 2014 (see paragraphs 16 and 17 below for details).

- D. The proposal is to maintain funding at the current level (£192,000 in total) for Advice and Advocacy services through Citizens Advice Leicestershire and Citizens Advice Charnwood. No savings target has been allocated against this budget line due to the direct support that the two Bureaux provide for vulnerable people – identified as a priority in the budget consultation and particularly important given the impact of recent welfare changes. CABs have an important role to play in building individual and community resilience to enable people to help themselves and others, thus reducing demand on public services. A new joint outcome framework, developed in conjunction with the seven District/Borough Councils who also fund the two Bureaux, will be in place for 2014/15 and will prioritise money advice services and building the financial capability of vulnerable people.
- E. The current budget for Think Leicestershire is £70,000. The element used for County Council staffing (£40,000) will be removed from the budget from April 2014. It is proposed to maintain the balance (£30,000) of funding in 2014/15 for the dedicated officer support that VAL provide for recruiting and developing Community Coaches and Difference Makers, who will provide a valuable conduit for County Council engagement. No funding is proposed from 2015/16 onwards.
- F. The total funding for Healthwatch Leicestershire (hosted by Voluntary Action Leicestershire) and NHS Independent Advocacy and Complaints (delivered by POhWER) for 2013/14 is currently made up of a ring fenced grant from the Department of Health of £275,000 and additional County Council funding of up to £192,511 (although only a proportion of this has been specifically allocated).

£82,000 is currently allocated for NHS Independent Advocacy and Complaints for 3 years (2013/14 to 2015/16). For Healthwatch Leicestershire, £325,000 is currently allocated to VAL in 2013/14, reducing to £275,000 in Years 2 (2014/15) and 3 (2015/16). This reduction was set out in the original contract.

The proposal is to maintain the Advocacy and Complaints contribution for both 2014/15 and 2015/16 at £82,000. The contract with POhWER expires at the end of 2014/15 and therefore this service will be re-commissioned for 2015/16.

It is proposed to reduce the Healthwatch contribution to £235,000 (i.e. a reduction of £40,000 from the planned expenditure of £275,000) in 2014/15 and £195,000 in 2015/16 (a further reduction of £40,000). This will mean that, by 2015/16, both Healthwatch Leicestershire and the Health Advocacy and Complaints Service will be funded from the Government Grant, and no additional County Council funding will be allocated. The total reduction to Healthwatch Leicestershire by 2015/16 will therefore be £80,000. It is noted that VAL is currently predicting an underspend of approximately £75,000 against the 2013/14 budget which will effectively negate the impact of this savings requirement.

- G. The proposal is to maintain funding at the current level (£20,000) for Support for Town and Parish Councils (LRALC), delivered by the Leicestershire and Rutland Association of Local Councils due to the vital role of Town and Parish Councils in supporting the Council's service devolution ambitions. The LRALC provides officer support and a range of information, advice and training for member Town and Parish Councils and meetings.

### Internal Budgets

- H. The Leicestershire Together budget of £20,000 has three main strands – the Community Buildings Service, Funding Toolkit and a general budget to support partnership working. It is proposed to reduce the funding for the Community Buildings Service delivered through the Rural Community Council from £10,000 to £7,500 per annum for the next two years and the remainder of the budget from £10,000 to £2,500 by 2015/16.
- I. It is proposed to reduce the 3 Workers' Groups (Black and Minority Ethnic, Disabled and Lesbian, Gay, Bisexual and Transgender) budgets to £3,000 each in 2014/15 and £2,500 each in 2015/16 and the balance of £10,000, which is currently used to support equality and diversity events, publications and positive action initiatives, to £5,000 per annum. This allocation of reductions is intended to minimise the impact on the Workers' Groups.

### New Services

13. It is proposed to commission two new services from the 'Funding and Support to Agencies' budget:
14. A new Community Capacity Building Service is proposed to support the Council in delivering both its service devolution and demand management ambitions by building community resilience to enable people to help themselves and others.
15. This new service will cover the whole of Leicestershire (i.e. both rural and urban areas). The £50,000 allocated from the Chief Executive's Department's budget will be supplemented by £25,000 per year of Public Health funding. The total new contract value will therefore be £150,000 or £75,000 per year for two years.
16. New external support will be commissioned for the Leicestershire Equalities Challenge Group (LECG) and associated engagement activity (including capacity building and training to ensure that members of the group are both able to participate effectively and act as a conduit to and from their individual communities). LECG is an existing group for which it is intended to seek independent support as it is believed that this will enable the group to play a vital scrutiny and challenge role in terms of the Council's policy and service changes, including scrutiny of service change Equality and Human Rights Impact Assessments.

17. The funding available for this activity will be £60,000 over two years. The LECG consists of representatives from the nine protected characteristic groups, plus other groups identified locally as a priority e.g. rural isolation, carers, people with mental health problems, refugees and asylum seekers, workless and gypsies and travellers.

### **Consultations**

18. Cabinet approved the proposal to consult on these proposals for a twelve week period between 10<sup>th</sup> March 2014 and 2<sup>nd</sup> June 2014. This timescale will enable a further report to be considered by the Scrutiny Commission on 3<sup>rd</sup> September and the Cabinet on 12<sup>th</sup> September 2014 respectively.
19. Each of the organisations affected by the proposed changes has been given an opportunity to shape the consultation, which focuses on the contracts where significant change is proposed. The intention is to seek views and input from as wide a range of voluntary sector organisations, community groups, Town and Parish Councils and partners as possible.
20. The consultation document is attached as Appendix 1 to this report.

### **Resource Implications**

21. The proposals in this report are intended to ensure delivery of the savings targets set out in the MTFS. The Director of Corporate Resources has been consulted in the preparation of this report.

### **Timetable for Decisions**

22. The Scrutiny Commission was consulted on the MTFS on 29th January 2014. At this meeting the Leader recognised the good work that voluntary and community organisations undertook but stated that, given the financial pressures on the Council, it was only reasonable for them to contribute towards the overall savings requirement.
23. At its meeting on 5<sup>th</sup> March, Cabinet approved the commencement of a 12 week consultation period on the proposed budget savings to start on 10<sup>th</sup> March 2014.
24. The purpose of this report to Scrutiny Commission is enable it to consider the detailed savings proposals. Any comments will be included along with other feedback received during the 12 week consultation period.
25. A report summarising the outcomes of the consultation will be presented to the Scrutiny Commission at its meeting on 3<sup>rd</sup> September 2014 and its views will be included in a report to be presented to the Cabinet on 12<sup>th</sup> September 2014

**Conclusions**

26. The Commission is requested to consider the proposed allocation of £590,000 of savings from the Chief Executive's Department's 'Funding and Support to Agencies' budget;

**Background Papers**

Medium Term Financial Strategy 2014/15 – 2017/18 approved by the County Council on 19 February 2014.

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=3961&Ver=4>

**Circulation under Local Issues Alert Procedure**

27. None.

**Officer to Contact**

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**List of Appendices**

Appendix 1: Funding for Agencies Consultation Document

Appendix A - Support for VCS Organisations Equalities and Human Rights Impact Assessment

Appendix B - Rural Advisory/Rural Representation Equalities and Human Rights Impact Assessment

Appendix C - Engagement and Representation Equalities and Human Rights Impact Assessment

Appendix D - Healthwatch Leicestershire Equalities and Human Rights Impact Assessment

**Relevant Impact Assessments****Equal Opportunities Implications**

28. Initial Equalities and Human Rights Assessments have been carried out on the four contracts where significant changes are proposed, either because the contract is ending and a new service is being commissioned or because a funding reduction is proposed. These Questionnaires are attached as Appendices A to D.

### Crime and Disorder Implications

29. There are no specific Crime and Disorder implications

### Environmental Impact

30. There are no specific environmental impacts

### Partnership Working and Associated Issues

31. The County Council funding for the County-wide Infrastructure contract delivered by VAL is part of a pooled budget of £800,000. The Council is required under the terms of a partnership agreement to give all other funding partners 3 months notice of any proposed change in funding. The timescales proposed in this report take this into account.

### **Risk Assessment**

A full risk assessment will be undertaken prior to the reports to the Scrutiny Commission and the Cabinet in September 2014 and details will be included in those reports.