



CABINET – 19th SEPTEMBER 2014

REPORT OF THE CHIEF EXECUTIVE

REDUCTION IN FUNDING AND SUPPORT TO AGENCIES – OUTCOME OF CONSULTATION AND PROPOSED REDUCTIONS TO FUNDING

PART A

Purpose of Report

1. The purpose of this report is to relate the outcome of a consultation exercise on proposals to reduce funding and support to agencies (considered by the Cabinet on 5th March 2014) and to seek the Cabinet's approval to allocate savings of £590,000 against the Chief Executive's Department's savings requirement.

Recommendations

2. It is recommended that -
 - (a) The responses to the consultation exercise and the changes proposed as a consequence, as detailed in Part B of this report, be noted;
 - (b) The savings proposals as set out in paragraphs 22 and 23 of this report be approved to achieve a reduction in the Chief Executive's Department's 'Funding and Support to Agencies' budget of £590,000.

Reasons for Recommendations

3. The Medium Term Financial Strategy (MTFS) 2014/15 - 2017/18 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 (savings budget line S72) . This level of reduction was informed by the 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 considered to be a lower priority area where savings could be made in order to protect services to vulnerable people.

Timetable for Decisions (including Scrutiny)

4. The Scrutiny Commission will consider the consultation outcomes at its meeting on 16th September 2014 and its views will be reported to the Cabinet.

5. Subject to Cabinet approval, the requisite processes will be put in place in order to deliver the savings by April 2016. All affected agencies will be notified in writing of any change in funding or of the proposed termination of contracts by the end of September 2014. The tender process for the two new services will commence the week after the Cabinet meeting, with the new services commencing in January 2015.

Policy Framework and Previous Decisions

6. The MTFs was approved by the County Council on 19th February 2014 and includes £590,000 of savings against 'S72 Funding and Support to Agencies'.
7. The proposals for the allocation of these savings were considered and agreed for consultation by Cabinet on 5th March 2014.
8. 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 and the views of the public that it was only reasonable that reduced funding to the sector should contribute towards meeting the savings requirement.
9. The Scrutiny Commission considered the matter at its meeting on 26th March 2014 and resolved:
 - (a) That the proposals put forward to provide support to agencies within a reduced budget be broadly supported and that the retention of funding at existing levels for the provision of advice and advocacy services via Citizens Advice Leicestershire and Citizens Advice Charnwood be welcomed;
 - (b) That the performance targets associated with the current contract with Voluntary Action Leicestershire (VAL) be circulated to the Commission prior to consideration of VAL's annual performance presentation at a meeting later in the year.
10. The draft Communities draft Communities Strategy was considered by the Cabinet at its meeting on 17th June and a ten week consultation process commenced on 23rd June. The draft Strategy proposes a refocused relationship between the Council and communities, with an emphasis on enabling and supporting communities to help both themselves and vulnerable individuals and families (and thereby help us to manage the demand for services). To achieve this the Strategy proposes to increase the ambition and ability of communities to take over relevant services and to develop voluntary and community sector organisations as effective providers in a diverse Leicestershire market. The 'Funding and Support to Agencies' budget clearly has a role to play in this.

Resource Implications

11. The proposals in this report are intended to ensure delivery of the savings targets set out in the MTFS in full by April 2016. The table below demonstrates the necessary phasing change. The implications of this will be addressed within the refresh of the MTFS.

	2014/15 £000	2015/16 £000	2016/17 £000
Original MTFS 2014 Phasing	210	590	590
Revised Phasing	220	440	590

Circulation under the Local Issues Alert Procedure

12. This report will be circulated to all members via a Members News in Brief Item.

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PART B

Background

13. The MTFSS sets out a new vision for the County Council and a new Target Operating Model. The proposals in this report are intended to achieve those objectives in the context of budget reductions and financial stringency.
14. The Chief Executive's Department currently provides a total of £1.2 million for 'Funding and support to agencies that provide help to individuals and voluntary agencies in Leicestershire'. This budget line currently includes eleven contracts, Service Level Agreements (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) – ended April 2014
 - Citizens Advice Leicestershire
 - Citizens Advice Charnwood
 - POWhER
 - Leicestershire and Rutland Association of Local Councils
15. The budget also includes £40,000 of internal funding for Equalities and Diversity and partnership projects.
16. A savings target of £590,000, or almost 50%, has been agreed against this budget line, to be delivered by 2015/16. Table 1 below shows the original proposals for delivering the £590,000 savings. These proposals were the subject of a 12 week consultation exercise between 10th March and 2nd June 2014. The table shows the level of funding against each contract area prior to the start of the 2014/15 financial year, the proposed funding for 2014/15 and 2015/16, and the saving proposed to be delivered against each budget line to contribute to the £590,000 overall target. The table also includes lines for two new activities – Community Capacity Building Service and Leicestershire Equalities Challenge Group. The heading 'Cabinet Report Reference' in the second column of the table refers to the list of proposals for each budget line set out in the report to the Cabinet in March.

	Cabinet Report Reference	Current Provider	2013-14 (curent)	2014-15	2015-16	Saving £
Advice and Advocacy Service	D.	CAB	192,000	192,000	192,000	0
Support for Town/Parish Councils	G.	LRALC	20,000	20,000	20,000	0
Healthwatch & Health Advocacy	F.	POhWER/VAL ¹	467,511	316,511	275,000	192,511
Think Leicestershire	E.	VAL/LCC	70,000	30,000	0	70,000
Support for VCS organisations	A.	VAL	595,880	595,880	300,000	295,880
Rural Advice/Representation	B.	RCC	55,000	27,500	0	55,000
Race, Faith and LGBT representation	C.	TREC	35,000	0	0	35,000
NEW Community Capacity Building Service		Tender	0	25,000	50,000	-50,000
NEW Equalities Challenge Group		Tender	0	30,000	30,000	-30,000
Leicestershire Together	H.	Internal	20,000	15,000	10,000	10,000
Equalities - Workers Groups and Budget	I.	Internal	20,000	16,000	12,500	7,500
Total			1,475,391	1,267,891	889,500	585,891

1 = includes £275,000 Department of Health Funding

Table 1: 'Funding and Support for Agencies' budget – Consultation proposals

Consultation Results

17. A twelve week consultation process was conducted, with the majority of responses submitted online, although a number of additional comments and representations were received. A total of 138 responses were received during the consultation process, although not all those who responded answered every question. A detailed report on the consultation responses by question is attached as Appendix A to this report.

18. In terms of who responded to the survey, 46% of respondents represented a voluntary sector organisation or community group/organisation, 17% responded as individuals, and 16% on behalf of Town or Parish Councils. 37% of respondents had no full time equivalent (FTE) staff working for their organisation, 17% had between 1 and 5 FTEs, and 16% had between 11 and 20 FTEs. 44% of those completing a survey said that their organisation had an income of less than £50,000 per annum and a further 6% had no income.

19. 31% of respondents said that their organisation worked across the City and County, 26% in Leicestershire only, and 25% at Parish or community level. The most frequently referenced protected characteristic groups that the organisations responding to the survey worked with were Age – Children and Young People (76%), Age – Older People (68%) and Disability (45%).

20. Some common themes emerged from comments made by respondents to the survey:

- There is an inherent contradiction in reducing funding for the VCS whilst expecting the sector to take on services and support delivery of the Communities Strategy.

- The County Council should prioritise the remaining funding to front line, direct delivery and outreach staff who engage with the hard to reach and vulnerable.
- It is essential to ensure effective delivery of priority outcomes (and associated outputs) for all VCS contracts.
- The Council needs to support a diverse VCS – organisations of all sizes – with a focus on front line delivery. One suggestion was that larger VCS organisations could support smaller ones by taking on a mentoring role.
- The Council should help VCS organisations to focus on core business and support them to align this to emerging public sector priorities (if they want to access funding from the public sector – and that the Council must accept that some VCS organisations will not).
- The Council needs to ensure rural areas are not disadvantaged or marginalised by these funding decisions, and recognise the differences between urban and rural vulnerability.
- The Council should consider opportunities to develop sub-regional, i.e. with Leicester and Rutland, approaches.
- The Council and its partners must keep reporting and paperwork to a minimum to enable organisations to focus on delivery.
- The Council should ensure greater alignment of contracts – specifically Support for VCS Organisations, Support for Town and Parish Councils, and the new Community Capacity Building contract

Proposals

21. Table 2 below shows revised proposals for each line of the budget. These take into account the detailed results of the public consultation process on the budget:

	Current Provider	2013-14	2014-15	2015-16	2016-17	Saving £
Advice and Advocacy Service	CAB	192,000	192,000	192,000	192,000	0
Support for Town/Parish Councils	LRALC	20,000	20,000	20,000	20,000	0
Healthwatch/Health Advocacy 1	POhWER/VAL	467,511	309,391	262,391	262,391	205,120
Think Leicestershire	VAL/LCC	70,000	30,000	0	0	70,000
Support for VCS organisations	VAL	595,880	595,880	450,000	300,000	295,880
Rural Advice/Representation	RCC	55,000	41,250	0	0	55,000
Race, Faith and LGBT representation	TREC	35,000	0	0	0	35,000
Community Capacity Building Service	Tender	0	38,750	55,000	55,000	-55,000
Equalities Challenge Group	Tender	0	17,500	30,000	30,000	-30,000
Leicestershire Together	LCC	20,000	15,000	10,000	10,000	10,000
Equalities - Workers Groups and Budge	LCC	20,000	16,000	12,500	10,000	10,000
Total		1,475,391	1,275,771	1,031,891	879,391	596,000

1 = includes £275,000 Department of Health Funding

Table 2: 'Funding and Support for Agencies' budget – Final Proposals

Detailed Proposals

22. In light of the consultation responses, it is proposed to:

- a) Continue to provide a total of £192,000 (combined) per annum to the two Citizens Advice Bureaux (Leicestershire and Charnwood) to deliver 'Advice and Advocacy Services'.
- b) Continue to provide £20,000 per annum to the Association of Local Councils to deliver 'Support for Town and Parish Councils'.
- c) Continue funding the 'Health Advocacy' contract (currently delivered by POhWER, with a contract value of £82,000) but reduce the total value of the contract to a maximum of £75,000 when the service is retendered for 2015/16 and ensure that the best possible value for money is achieved, i.e. try to secure the service for less than £75,000 (additional saving of at least £7,000 from that originally proposed).
- d) Remove all additional (i.e. on top of the Department of Health grant) County Council funding for 'Healthwatch Leicestershire'. This would result in a reduction of £80,000 in total or £40,000 per annum for both 2014-15 (Year 2 of the contract) and 2015-16 (Year 3) from the current annual budget of £267,391. However, the net overall reduction (across both years) to Healthwatch will be only £25,000, as there is a declared underspend of £55,000 from Year One of the contract.
- e) End County Council funding for 'Think Leicestershire' in March 2015 as planned, thus removing £30,000 from the budget from 2015/16 (in addition to £40,000 of internal funding already removed from the budget in 2014-15).
- f) Reduce the funding for the County Infrastructure Organisation – Voluntary Action Leicestershire to £300,000 as proposed, but to phase the reduction over *two* years rather than one as originally intended. £145,880 will therefore be removed from the budget for the third and final year of the current contract (2015-16), reducing it from £595,880 to £450,000. It would be reduced by a further £150,000 when the contract is retendered for the start of the 2016-17 financial year, giving a reduced County Council contribution to the new (partnership) contract of £300,000 per annum from 2015/16.
- g) In response to comments about the wide remit of the new Leicestershire Equalities Challenge Group and the challenge of supporting such a wide range of communities of interest, make available an additional £10,000 in Quarter Four of 2014-15 (the first quarter of the new contract) for capacity building training, to be delivered by the commissioned organisation. This contract will be tendered for 27 months i.e. from January 1st 2015 to March 31st 2017 in September 2014. The additional £10,000 will come from the 2014-15 budget and will have no overall impact on the savings target.
- h) In response to the representations about the level of funding proposed for the new Community Capacity Building contract, make available an additional

£25,000 for each of the two years of the contract (£5,000 from this budget and £20,000 from Communities Strategy 'invest to save' funding). This will address comments made in the consultation about the level of priority for outreach work. The total budget per year for two years (plus proportionally for Quarter Four of 2014/15) will therefore be £100,000, including a contribution of £25,000 per annum from the Public Health budget.

In response to the comments about the difference between rural and urban needs and vulnerability, the tender documents will stress the need for interested bodies to demonstrate their understanding of rural communities and to have a clear strategy for responding to the needs of diverse communities. It will also explicitly state that the Council welcomes consortia between two or more organisations with specific rural and urban specialisms and that the funding will be split roughly 50/50 between rural and urban communities. When the tender documentation is produced it will clearly set out the links and differences between this contract and the role of the County VCS Infrastructure Support organisation. This contract will be tendered for 27 months, i.e. from January 1st 2015 to March 31st 2017 in September 2014.

- i) Reduce the internal budget for partnership working, which includes £7,500 per annum for the Community Buildings Service (delivered by the Rural Community Council), from £20,000 to £10,000 by 2015-16 (a reduction to £15,000 has already been delivered in 2014-15).

Confirm the reduction to the internal Equalities and Workers Groups' budget from £20,000 to £16,000 in 2014-15 and to £12,500 in 2015-16 and £10,000 in 2015-17.

23. A summary of the changes from the original proposals is therefore as follows:

- Reduce the funding for the POhWER contract from £82,000 to a maximum of £75,000 when the contract is retendered for 2015/16, giving an additional saving of at least £7,000.
- Phase the £295,880 reduction to the 'Support for VCS Organisations' contract over two years, reducing the contract from £595,880 to £450,000 in 2015-16 and then from £450,000 to £300,000 when the contract is retendered for 2016-17.
- Provide an additional £10,000 to support a membership refresh and a programme of capacity building training and support for the Leicestershire Equalities Challenge Group (this will come from the 2014-15 budget and have no overall impact on the savings target).
- Invest an additional £25,000 per annum in the Community Capacity Building contract (£5,000 from this budget and £20,000 from the Communities Strategy invest to save legacy from the previous Big Society funding) in response to the comments made in the consultation about the level of priority for outreach work. Ensure that the tender assessment process probes the ability of organisations to deliver an effective and differentiated service in urban and rural communities, reflecting the diversity of communities that make up Leicestershire.

Conclusion

24. A number of changes have been made to the revised savings proposals as a result of the public consultation. However the majority of responses were broadly supportive of the way in which it was proposed to allocate the savings and the revisions do not therefore represent a significant change in the direction of travel.
25. In October 2014 the Cabinet will consider a further report on the Communities Strategy, which will include reference to the VCS contracts and how they will help to deliver the proposed Strategy.
26. The savings proposals outlined in this report relate to the MTF period 2014/15 - 2017/18. Members will be aware that the report on the roll-forward of the MTF to 2018/19 indicated a financial gap in excess of £40m. As a result there will be a need to look again at this area of activity to determine whether further savings can be achieved.

Background Papers

Report to the County Council - "Medium Term Financial Strategy 2014/15 – 2017/18", 19 February 2014.

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

Report to the Cabinet – "Reduction in Funding and Support for Agencies", 5th March 2014

[http://politics.leics.gov.uk/Published/C00000135/M00003988/AI00037205/\\$9reductioninfundingandsupporttoagencies.docxA.ps.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003988/AI00037205/$9reductioninfundingandsupporttoagencies.docxA.ps.pdf)

Report to the Cabinet – "Communities Strategy", June 17th 2014

[http://politics.leics.gov.uk/Published/C00000135/M00003991/AI00038434/\\$4communitiesstrategydraft.docxA.ps.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003991/AI00038434/$4communitiesstrategydraft.docxA.ps.pdf)

[http://politics.leics.gov.uk/Published/C00000135/M00003991/AI00038434/\\$4communitiesstrategyappxa.docxA.ps.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003991/AI00038434/$4communitiesstrategyappxa.docxA.ps.pdf)

Appendices

Appendix A – 'Funding and Support for Agencies' budget consultation results

Appendix B – Risk Assessment

Appendix C - Support for VCS Organisations Equalities and Human Rights Impact Assessment (EHRIA)

Appendix D – Change from Rural Advisory/Rural Representation Contracts to new Community Capacity Building Service EHRIA

Appendix E – Leicestershire Equalities Challenge Group - Engagement and Representation contract EHRIA

Relevant Impact Assessments

Equality and Human Rights Implications

27. Full Equalities and Human Rights Assessments have been carried out on the three 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 C to E.

28. The EHRIA on the Support for VCS Organisations proposals highlights the need to work with the current provider to understand the detail of the equality impact of the service changes once the reduced service for 2015/16 has been scoped out, including by developing a more detailed EHRIA report and ensuring wider understanding of the equality impact of the service changes by sharing information with partners.
29. The EHRIA on the new Leicestershire Equalitise Challenge Group highlights the need to undertake further engagement with Race, Faith and LGBT communities to understand the specific impacts of the new service, the need for additional investment in capacity building and the need to identify positive and negative impacts of contract delivery via quarterly contract management meetings.
30. The EHRIA on the new Community Capacity Building Service highlights the need to hold a joint focus group with the commissioned organisation in order to understand more clearly the capacity building needs of specific communities, provide additional funding for the contract in order to increase its reach into both urban and rural communities and use the quarterly contract management meetings with the commissioned organisation to assess any positive and negative impacts of contract delivery.

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.
32. Information about the proposed new contracts has been shared with key partners, including District Councils and the Clinical Commissioning Groups.