

Review of support from SDDC to the Voluntary and Community Sector

Consideration of options regarding revenue funding

Background

The Review's draft action plan presented in November 06 highlighted a number of potential options with regard to introducing a review system for awarding revenue funding in order to meet the desired outcome of a more transparent and fairer system.

Discussion at the meeting highlighted that in order to make an informed choice regarding the options both Councillors involved directly in the review and Councillors generally would benefit from a presentation about the nature and extent of the Voluntary and Community Sector (VCS) and in particular what circumstances prevailed locally. To this end CVS and the Partnerships & Development Manager gave a combined presentation on November 29th. During the presentation there were no particular points raised in connection with the revenue funding options issues.

The review team now need to consider the options relating to revenue funding and make recommendations for inclusion in the final action plan that will go in the report to committee.

The rationale for undertaking the options appraisal is summarised below:

- Existing organisations granted revenue funding not reviewed as a whole since 99/00.
- Two additional groups granted funding since 99/00 considered separately through Service Development Bid process.
- Significant number of "new" groups either requesting or needing funding.
- Groups already supported requesting additional core funding.
- Budget unable to satisfy all demands.
- Research during the review showed other authorities moving to more open review systems based on policy in line with Compact and other current best practice thinking.
- Review consultation highlighted need for transparency.
- Current funding not checked against requirements of Corporate Plan and Community Strategy.

The options to be considered really fall into two categories – either do nothing or introduce a review system. However the review system option has a number of sub options. All the options are presented in the table below:

Options for Distributing Revenue Funding

Option	Detail	Pros	Cons
1 Do nothing	Retain historical funding at existing levels to organisations presently in receipt and manage requests for increases in levels of funding and for funding from new groups through Service Development Process (SDP) Service Level agreements are rolling for 3 years for all groups with inflation increases to grants built in annually.	No new systems required Finance in place for existing requirements Some scope for increasing grant size or number of recipients subject to budgets and SDP process Stability for currently funded groups	System not open and transparent No change following consultation could lead to lack of trust and engagement with VCS Not in accordance with Compact principles/best practice/Value for Money (VFM) Outcomes and outputs not checked for compatibility with Corporate Plan and Community Strategy Unreliable in responding to changing circumstances Doesn't allow for strategic overview Doesn't allow for direct involvement of VCS partners in influencing policy decisions Continued external pressure on the budget
2 Introduce review system			
Sub options			
a) Introduce a review system for whole budget	A review system that made judgements about the total	Open and Transparent System Reflects need for transparent	More bureaucracy (forms systems panels, meetings etc)/management

	revenue funding budget at set intervals, which could be annually, bi-annually etc. Likely to involve an application process and establishing some form of grants or review panel. Theoretically this could involve partners although not VCS as might involve conflicts of interest and mistrust amongst sector.	system expressed in consultation Allows for compatibility check with Corporate Plan and Community Strategy Flexible enough to respond to changing circumstances/priorities Allows for strategic overview Could be timed to coincide with corporate plan and community strategy planning cycles	Raises expectations Risk to currently funded organisations and their users reliant on continued funding Council withdrawal might affect other core funders(would need phased approach) Possible adverse publicity
b) Introduce a commissioning or bidding system	Commission organisations to bid in for specific services for specific periods of time through council's procurement policies	Opportunities for new organisations Offers VFM Open and Transparent System Reflects need for transparent system expressed in consultation Allows for compatibility check with Corporate Plan and Community Strategy Could be timed to coincide with corporate plan and community strategy planning cycles Could allow for long term security for some organisations	Risk to currently funded organisations and their users reliant on continued funding Council withdrawal might affect other core funders (would need phased approach) Could be viewed as a budget cutting exercise Possible adverse publicity Commissioning system potentially over complex for size of authority More bureaucracy/management Raises expectations
c) A tiered system	Long term funding for infrastructure groups and or strategic partners is ring fenced and identified and funding for	Open and Transparent System Reflects need for transparent system expressed in consultation Allows for compatibility check	Risk to currently funded organisations and their users More bureaucracy/management Wont work as well without

	<p>service organisations and/or projects is reviewed, assessed or commissioned.</p> <p>Possible discretionary amount set aside for development work, new projects etc (N.B. small revenue grant pot SDP submitted this year as per draft action plan but unlikely to be successful)</p>	<p>with Corporate Plan and Community Strategy</p> <p>Could be timed to coincide with corporate plan and community strategy planning cycles</p> <p>Could allow for long term security for some organisations</p> <p>Flexible enough to respond to changing circumstances/priorities</p> <p>Allows for strategic overview</p> <p>Opportunities for new organisations</p> <p>Offers VFM</p>	<p>discretionary amount</p> <p>Council withdrawal to some organisations might affect other core funders (would need phased approach)</p>
d) A tapered system	<p>Taper funding so SDDC contributions lessen over a period</p>	<p>Would potentially release funding that could be directed elsewhere</p>	<p>Would need to fit in with one of the above systems.</p> <p>Very difficult for organisations to secure core funding from other sources.</p> <p>Many organisations already struggling to maintain core services at existing grant levels</p> <p>Could reduce or threaten contributions from match funders</p>

In terms of a coherent holistic policy the options related to core revenue funding should be considered in tandem with existing capital funding and the other revenue funding actions identified in the draft plan i.e. proposals to establish Community Chest type fund and grants to sporting individuals