

Voluntary and Community Sector Funding Strategy

HBC VCS FUNDING STRATEGY

CONTENTS

	Page no.
INTRODUCTION	3
PURPOSE OF THE VOLUNTARY AND COMMUNITY SECTOR FUNDING STRATEGY	4
BACKGROUND INFORMATION	5
APPROACH TO DEVELOPING THE VCS FUNDING STRATEGY	9
HBC VCS FUNDING STRATEGY: COMMITMENTS	12
HBC VCS FUNDING STRATEGY: ACTIONS	14
DETAILED OPERATION OF THE FUNDING PROGRAMME(S).	19
MONITORING AND PERFORMANCE MANAGEMENT	20
IMPLEMENTATION AND CONCLUSIONS	22
APPENDICES	25

INTRODUCTION

Since restructuring the Council in 2005 we have worked hard to improve our relationship with the voluntary and community sector in the Harrogate District. There is no doubt that the sector makes a massive contribution to the quality of life which our communities enjoy, and also enhances the experience of the many visitors to our area. Local charities, voluntary organisations and grassroots community groups provide services and activities, campaign and give a voice to local people, and help people to get involved in their communities. We recognise and value this and fully accept that we need to work with the sector as an equal partner. Good partnership working is not just about money but there is no doubt that securing enough and sustainable funding to meet needs is a challenge for us all.

For the first time, this funding strategy sets out how the Council sees its role in providing funding for the voluntary and community sector in the Harrogate District. There will never be enough money to meet all the needs but by being clear about what we can and can't support we should be able to invest soundly and ensure that Council funds bring the most benefit possible to the people of the District. We look forward to working with the voluntary and community sector to implement this strategy.

P M Walsh
Chief Executive

Cllr Dr M Gardner
Leader

PURPOSE OF THE VOLUNTARY AND COMMUNITY SECTOR FUNDING STRATEGY

The purpose of this strategy is to set out the Council's approach to funding the voluntary and community sector, and to provide guidance for members, officers and voluntary and community sector organisations on how this approach should be put into practice

Aims of the strategy

- ❑ To improve communication, understanding and trust between all partners on funding issues
- ❑ To clarify the funding relationship between the Council and the voluntary and community sector
- ❑ To support the Council's requirements for accountability in spending public money
- ❑ To support the sector's desire for greater financial security
- ❑ To demonstrate the Council's commitment to the Compact (*see page 6*)

Who is this strategy for?

The strategy is for both the voluntary and community sector and Harrogate Borough Council, and supports the work of the Harrogate District Strategic Partnership.

- ❑ For **councillors and staff** the strategy set out clearly how the Council will work in a more co-ordinated way to provide funding support to the voluntary and community sector to enable the sector to deliver services and build stronger communities.
- ❑ For the **voluntary and community sector** the strategy sets out how the Council proposes to support the sector financially over the years ahead, and the changes to be made to improve this support

This strategy sets out the overall policies and also provides guidance on the processes and procedures involved in having a good quality funding relationship with the voluntary and community sector.

BACKGROUND INFORMATION

(More information and detailed documents available via www.harrogate.gov.uk/voluntary)

What is the voluntary and community sector (VCS)?

- The voluntary and community sector is made up of organisations of all shapes and sizes
- The voluntary and community sector reflects the diversity of local communities
- Community groups generally have no paid workers and so are made up entirely of volunteers
- Voluntary organisations usually employ paid workers, many of whom are highly experienced and qualified
- Many, but not all, use volunteers to carry out some of their activities
- Voluntary organisations have Management Committees made up of volunteers who are the employing body
- Harrogate District has a wide range of voluntary and community groups from small self-help groups to large branches of national charities and lots more in between

Source: Harrogate CVS February 2006, HBC Shared Learning Event

- “... independent, volunteer controlled and offering a public benefit”

Source: The future contribution of the voluntary and community sectors to the Yorkshire and Humber region (2005)

The Government is now routinely using the term “third sector” to cover the full range of voluntary and community organisations and charities, including social enterprises, mutuals and co-operatives. Locally the term “voluntary and community sector” (VCS) is tends to be more widely used and recognised, and so is used in this Strategy. However the same broad definition as used by the Government is taken to apply i.e. to cover organisations “which principally reinvest surpluses to further their social, environmental or cultural objectives”.

(Partnership in Public Services: An Action Plan for third sector involvement)

The voluntary and community sector in the Harrogate District

There is a thriving voluntary and community sector in the Harrogate District, ranging from small single issue community groups through to local branches of major national charities. Two Councils for Voluntary Service (Harrogate and Ripon CVS's) provide support, training and advice to the whole sector and act as a voice for their membership. They also provide a number of direct services to the community. Several other large voluntary and community sector organisations play a key role in providing services locally and also contribute to policy development, advice and support (Citizens' Advice Bureaux, The Carers' Resource, Age Concern, Harrogate and District Community Transport).

HBC's links with the voluntary and community sector

HBC's main strategic link with the sector is via the Voluntary and Community Sector Forum, which was set up in the late 1990's to promote joint working between the Council

and the sector. The Forum meets annually and a smaller Working Group meets 4 times per year and oversees a work programme dealing with issues affecting the relationship between the sector and the Council. Membership is made up of councillors and VCS representatives and there are agreed terms of reference. There is also a direct link between the Voluntary and Community Sector Forum and the Harrogate District Strategic Partnership (HDSP), with the 2 CVS's having a place on the HDSP Executive.

Across the Council there are many examples of links with VCS organisations of all shapes and sizes. These range from formal partnerships through to informal contact, and activities include service delivery, fundraising, volunteer activity, policy development and community involvement.

The Compact

The Compact is a written agreement between the voluntary and community sector and the public sector setting out how they will work together for mutual benefit. HBC and the HDSP are signed up to the North Yorkshire Compact and Codes of Practice. The Funding Code of Practice is included as Appendix 1 and provides the framework for this funding strategy.

The need for a VCS funding strategy at HBC

In April 2006 the Council approved an Improvement Plan for its work with the voluntary and community sector. The purpose of the Improvement Plan is:

- To set out a number of strategic actions which will improve HBC's work with the voluntary and community sector, contribute to the Council's corporate priorities and its aim to be a well managed Authority, and enhance the role of the voluntary and community sector in the District

The plan aims to deliver this by developing and embedding a systematic and proactive approach to working with the voluntary and community sector which is built into the Council's business planning and service delivery arrangements. The Action Plan is structured around 2 strategic priorities:

Strategic Priority 1

To improve how HBC works in **partnership** with the voluntary and community sector to ensure the provision of services and activities which meet the needs of the community

Strategic Priority 2

To continue to provide **funding support** to voluntary and community sector organisations and projects which are in line with the priorities set out in the Harrogate District Community Plan and HBC's Corporate Strategy.

Implementation of the Improvement Plan is included as a key action in the Council's Corporate Improvement Plan (Action 4.6.2).

2006/07 Funding Review

The development of VCS Funding Strategy supports Strategic Priority 2 and the first stage of this work was completed during 2006/07 with a detailed review of the funding currently provided by HBC. This review identified a number of areas for improvement:

- ❑ No clear overall policy on supporting the voluntary and community sector
- ❑ Lack of clarity about types of funding made available to the voluntary and community sector.
- ❑ Lack of open access to funding for the voluntary and community sector
- ❑ A mixture of application procedures, use of agreements etc
- ❑ No consistent approach to monitoring and evaluating the impact of grant aid
- ❑ Missed opportunities due to under-investment by the Council in this area of work, both in actual terms and in comparison to other local authorities.

The outcomes of the review were presented to Cabinet in November 2006 and the following recommendations were agreed, in order to tackle the issues identified:

1. Adoption of the North Yorkshire Compact Funding Code of Practice
2. Development of a Voluntary and Community Sector Funding Strategy.

It was agreed that the Funding Strategy should include:

1. Recognition of the role and potential of the voluntary and community sector to deliver services and build stronger communities.
2. Establishment of a one off “Community Chest” grants fund (£30,000) in 2007/08, funded from underspends/reserves.
3. The Council’s Medium Term Financial Strategy review in 2007/2008 to include consideration of an increased allocation of funds for key strategic grants to voluntary and community sector organisations in the District, in line with corporate priorities, from 2008/2009.

Other policy issues

There are various national and local reports, research and policy guidance which support the need for this strategy and the proposals contained within it.

National

The Government is taking a strong interest in strengthening the role of the VCS and recent months have seen a substantial amount of government guidance and consultation on working with the voluntary and community sector (see bibliography). Key developments have been:

- Budget 2006 announced a review of the future role of the third sector in social and economic regeneration to feed into the next Government Comprehensive Spending Review (2007 CSR)
- At the same time “The Office of the Third Sector” was set up together with the appointment of a Cabinet Minister for the Third Sector (initially Ed Milliband and now David Hope).
- The publication of the Stronger and Prosperous Communities Local Government White Paper in October 2006. This states that the VCS’s “expertise and enterprise needs to be harnessed and developed to enable local authorities to fulfil their place-shaping role.” The White Paper also identifies the need to provide “fair, sustainable and stable funding for the third sector” and proposes that in future this will be considered when

carrying out the “Use of Resources” assessment in Councils (Annex G - The Third Sector)

- The recently published Quirk Review (May 2007) of the community management and ownership of public assets and the response from the Department of Communities and Local Government (DCLG). The DCLG commissioned the review and now wishes to increase opportunities for communities to manage and own local public buildings and land.
- The DCLG discussion paper “Third sector strategy for communities and local government” (June 2007) which sets out how the DCLG plans to become better at engaging with the third sector and comments on the role of local government in this

The strategy aims to take account of this guidance and direction and should ensure that in this area of Council policy and delivery HBC is in line with recommended best practice nationally. Various research, policy and guidance reports have also been published by national VCS organisations, which have also been reviewed and fed into the development of the strategy.

Local

HDSP Community Plan and North Yorkshire Local Area Agreement

The voluntary and community sector funding strategy aims to tie into and support the priorities set out in the Harrogate District Community Plan and the North Yorkshire LAA

HBC

HBC’s financial support for the VCS assists with the delivery of a number of key Council strategies/policies (see the Corporate Strategy and Improvement Plan for more information). There are also links with the Medium Term Financial Strategy, the Procurement Strategy, the Community Engagement Strategy, the Customer Care Policy, the Asset Management Plan and the Diversity Strategy. It should also be noted that the voluntary and community sector makes a substantial contribution to HBC services and facilities in various ways, particularly volunteering and fundraising

APPROACH TO DEVELOPING THE VCS FUNDING STRATEGY

Consultation

The development of this strategy builds on the work undertaken during 2005/06 leading to the approval of the Improvement Plan, and on the funding review carried out during 2006. Both projects involved detailed consultation with the voluntary and community sector locally which have had a substantial influence on the development of the strategy so far. There will also be further consultation on the draft strategy.

Timetable

As part of the earlier funding review a timetable for the development of funding strategy was agreed, with a two stage approach (some work is already underway as shown in bold text):

Stage 1: 2006/07

1. Improve the existing arrangements for grant aid, especially monitoring and evaluation
2. Consult with existing recipients of funding on proposed changes, agree 3 year core funded organisations (with existing funding “protected” for 2007/08). **Partially complete**
3. Obtain approval of proposal to set up a new Community Chest Fund in 2007/08, funded from reserves/underspends and discontinued Members Budget balance. **Approved February 2007.**
4. Develop draft funding strategy and consult on this (including identification of “strategic grants”). **Work almost completed**

Stage 2: 2007/08

1. Dependent on outcomes of (2) (3) and (4) above restructure the existing grant aid schemes to establish an overall grant aid programme* which separates out strategic funding to key voluntary and community sector organisations for core costs (3 year agreements) and establishes a Community Chest (funded from reserves or underspends and the reallocation of a number of “small grants” into this Fund, plus the discontinued Members Budget balance).

**N.B this does not mean centralising administration of all grant aid schemes but ensuring overall policy and procedures are consistently applied*

2. Finalise funding strategy and implement.
3. Feed into the Medium-Term Financial Strategy Review the proposal for an increased allocation of funding for key strategic grants to the Voluntary and Community Sector.

Other influences

Development of the funding strategy has taken account of good practice in other local authorities (e.g. Hull, Cumbria, Gloucestershire, Hastings, Brighton and Hove, York, Hampshire, Chester). Two key documents have also been used to shape the strategy:

1. *Financial relationships with third sector organisations* (National Audit Office).

This is a decision support tool (DST) designed for people working in the public sector who are responsible for financial relationships with voluntary and community

sector organisations. It is a web-based tool which provides practical support for real-life decisions about the design of appropriate funding models. The DST has four stages:

- ❑ policy intent (the objective you want to achieve)
- ❑ strategic decisions about the design of the programme
- ❑ tactical decisions
- ❑ implementation.

The Decision Support Tool has been used to assist with the development of this funding strategy (For more information visit www.nao.org.uk/better_funding)

2. *The Grantmaking Tango: Issues for Funders* (Julia Unwin) (Baring Foundation 2004).

This publication explores the relationship between funders and funded organisations and is about “good grant making”. The author recommends that both funded organisations and funders need to be aware of the intended impacts of funding and the funding styles which can be used.

Three different intended impacts of funding are identified:

- ❑ Maintenance of activities and services - providing backing to maintain activity at current levels or in the same style, or to expand it.
- ❑ Building organisations
- ❑ Changing systems – seeking to influence policy and operation e.g. by funding research and exemplar projects

Three different funding styles are described:

- ❑ Giving – general support with expected outcomes not defined
- ❑ Shopping - based on cost/quality considerations
- ❑ Investing – expecting a longer term outcome (e.g. policy change or developments in the capacity of an organisation)

HBC’s current funding of the voluntary and community sector has been reviewed with these models in mind and they have also helped to shape the new funding strategy.

Values and Principles

The VCS Funding Strategy takes as its starting point the Council’s agreed corporate values and principles:

Corporate Values

Democratic:	Take decisions in the public’s interest.
Accountable:	Accept responsibility for, and explain, our decisions
Responsive:	Listen and respond to the needs of people.
Ethical:	Behave with integrity.
Fair and Equitable:	Ensure everyone has the opportunity to participate in decision making.
Respectful:	Treat people with dignity.

Corporate Principles

High Performance: Achieve a high level of performance to meet local expectations, regional and national benchmarks and Government standards and assessments.

Customer Focus: Focus on the customer and local community needs.

Value for Money: Manage our resources effectively, working as one organisation and with our partners.

Availability of Funds

The funding strategy aims to set out clearly how the Council will develop a better funding relationship with the voluntary and community sector. This is not the same as saying that more funding will be available. The availability of funds to support this strategy is dependant on the Council's overall financial position and the choices it makes when allocating resources. Looking ahead the Council's financial position continues to be very challenging, with the government proposing very strict grant increases (a maximum of 2% per annum for the next three years). The central message to councillors and staff is currently one of "no growth".

Some may question the value of developing a VCS funding strategy when the Council is faced with such gloomy prospects financially. However more than ever before it is essential to have in place a strategy which ensures that the Council makes best use of the resources which it is able to allocate to the VCS, in order to achieve value for money. At the same time the strategy will demonstrate an open and transparent approach which contributes to a positive working relationship with the sector, whatever funds are available for giving, shopping or investing.

HBC VCS FUNDING STRATEGY: COMMITMENTS

Purpose of funding the voluntary and community sector

1. HBC is committed to providing funding support to the voluntary and community sector and recognises that this is a sound investment enabling service provision and community development to benefit the people of the Harrogate District.
2. The primary purpose of this financial support is to enable the provision of services/activities to meet community needs in the District which would not otherwise be available
3. In order to maximise the value of the Council's investment in the voluntary and community sector all funding support should be in line with the vision set out in the Council's strategic plan and must contribute to the achievement of some or all of the Council's corporate priorities and strategic actions

Commitments to funding the voluntary and community sector

1. HBC continues to allocate a proportion of its resources to provide funding support to the voluntary and community sector in the Harrogate District
2. HBC runs a programme of funding support in accordance with the North Yorkshire Compact Funding Code of Practice and accepted good practice
3. Subject to the availability of resources HBC offers a mixture of funding options to the VCS in support of HBC priorities and to meet the needs of the community
4. HBC monitors the impact of this funding support by focussing on the outcomes

(“Outcomes are the changes, benefits or other effects that happen as a result of an organisation's activities” – Charities Evaluation Service)

Scope of funding

HBC funding support is made available to voluntary and community sector organisations which are:

- based in the Harrogate District , or
- based in North Yorkshire and provide services/activities not otherwise available within the Harrogate District

Types of funding support

The HBC VCS funding programme will make funding support available to the VCS in the following ways:

A. Direct financial support	Grants 1. Strategic grants 2. Project/development grants 3. Investment Procurement
B. Other sources of support with a financial impact	Income foregone 1. Rate relief 2. Land and buildings Advice and information services

DIRECT FINANCIAL SUPPORT

Grant aid

Grants are used to fund the activities of recipients because those activities are in broad alignment with the Council's objectives. The Government sees grants as having a "crucial continuing role, particularly in relation to small community groups and when building the capacity of third sector organisations"

("Partnership in Public Services; An action plan for third sector involvement")

"Grant aid is an essential part of the local funding mix for community organisations and remains essential for thriving local communities"

("Sustaining Grants" NAVCA June 2007)

The funding strategy distinguishes between the following types of direct financial support i.e. grants:

Strategic grants

Unrestricted funding which contributes towards the core costs of key VCS organisations in the District. These grants are provided to key strategic voluntary and community sector organisations which have a unique/substantial role in providing services/activities within the Harrogate District. These grants are an expression of HBC's commitment to and confidence in the strategic direction of the organisations funded. The Council's current "no growth" policy means that there is very little possibility of additional funds being made available for grant aid. However there are improvements that can be made to the grant aid arrangements.

Actions

1. HBC continues to allocate at least the same overall amount to the budget for strategic grants as previously
2. HBC reviews and re-confirms the organisations who receive this funding, the level of funding and in support of which HBC policies
3. HBC moves to three year funding agreements with individual organisations, with associated monitoring procedures and arrangements for review
4. HBC improves its monitoring and evaluation of the impact of strategic grants.
5. Joint monitoring with other key funders where possible (piloted for the two CVS's in 2006/07).
6. As part of its corporate and financial planning arrangements HBC builds in the ability to consider proposals for reallocation or provision of new funding for strategic grants

where such proposals offer the potential for better use of resources or improved value for money.

Project/development grants

These types of grant fund particular services/projects that contribute to Council objectives. This can include developing new organisations or building the capacity of existing ones.

Actions

7. HBC to continue to allocate revenue funding as previously but with possible discontinuation of some of the current “small” grants to add to the £30,000 allocated to the “Community Chest” fund.
8. Set up criteria and process for applying for grants from the Community Chest to commence in September 2007. As the fund is a “one off” pot the aim will be to maximise impact across the District and provide monitoring and evaluation information to make the case for ongoing budget provision at end of agreed period (to feed into the 2009/10 budget).
9. Other service based grant funds to continue but annual monitoring report produced to show overall investment.

Use of strategic or project funding for “investment”

Providing funding as an “investment” suggests a longer term intention such as a policy change, or a change in organisational capacity and strength. There is usually also a closer and longer term relationship with the recipient. The previous review work did not identify any examples of this type of funding intent as a main purpose of funding, but the Council’s increasing involvement in partnership working does take it in this direction e.g. the work to support regeneration and other partnerships. It can be anticipated that demand for resources to be invested in the capacity to work in partnership more effectively will increase. This may include training, research, consultation etc. The White Paper is another potential driver of this type of partnership working and funding. Investing in this way should also be viewed as a way of learning from the sector, which has a strong track record of innovation and creative responses to needs.

Action

10. HBC to be aware of the potential benefits of this type of funding style, particularly in relation to partnership working. No specific funds to be allocated but this type of activity should be eligible for funding support from the strategic and project grants funds.

Procurement (“shopping”)

Since 1997 Government policy has emphasised the role of the VCS in helping to develop and deliver better public services, as part of the wider agenda to open up markets to new suppliers. The VCS is seen to have expertise in specialist areas and public sector organisations have increasingly procured goods/services from the sector, in line with “value for money” procedures. This might involve funding for specific pieces of work or inviting bids in a more formal contractual style, using specifications, competitive tendering etc.

This funding style is more predominant in unitary and county councils which have responsibility for social care, children's services etc, and is not as well developed in district councils at present. There are a few small examples within HBC, such as purchase of groundworks from Open Country, the Nidderdale AONB contract with BTCV for its youth programme and some use of social enterprises for printing/ mailing work.

Looking ahead local authorities are being encouraged to go beyond procuring services from the voluntary and community sector and to consider commissioning services jointly. Commissioning is defined as

“the process of assessing the needs of people in an area, considering how best and by whom those needs can be met, and then planning the provision of appropriate services”

(Local area pathfinder – building public service partnerships).

Early involvement of the sector is seen as key to developing this approach and this needs to be developed as part of the procurement strategy. This may include directing support towards capacity building.

Actions

11. HBC to ensure link up with the procurement strategy and take account of government policy in this area. Need a much more focussed look at the role of VCS in delivering services.
12. HBC to improve understanding of potential to procure services from the voluntary and community sector, particularly with the growth of social enterprises
13. HBC to develop a better understanding of the process of commissioning services in conjunction with the VCS and the capacity issues around this. For example local VCS organisations in a position to bid for works have raised concerns about size of contracts, complexity of bidding arrangements etc, which are also raised by small and medium sized businesses.

OTHER SOURCES OF SUPPORT WITH A FINANCIAL IMPACT

Income foregone

The Council is also able to support the finances of the VCS by “foregoing” income it might otherwise receive. This can happen in two main ways:

Rate relief

The Council gives various categories of business rate relief to voluntary and community sector organisations:

Mandatory Relief for Charities and Registered Community Amateur Sports Clubs

Charities and Registered Community Amateur Sports Clubs are entitled to 80% relief where the property is occupied by the Charity or Club and is wholly or mainly used for charitable purposes or as a Registered Community Amateur Sports Club.

Discretionary Relief for Charities and Registered Community Amateur Sports Clubs

The Council has discretion to give further relief on the remaining bill. This could be up to 100% of the remaining bill but in practice this only applies to a few cases. The level of discretionary relief is determined by completion of an application form to assess entitlement. The form asks for information on the membership, facilities, funding, structure of the organisation and community benefit.

Discretionary Relief for Non-profit making organisations

The Council has discretion to give relief to non-profit making organisations. Typically this will range from 50 – 85% and is determined by completion of an application form as above, to assess entitlement to relief.

All cases are looked at individually and reviewed every 2 years. In 2005/2006 there was £1.595 m of mandatory relief and £158,794 of discretionary relief

“Rates foregone” can be included in the calculation of the national Best Value performance indicator BV226a Total Amount spent by the Local Authority on Advice and Guidance Services provided by external organisations. This was not included in previous years but has been from 2006/07 onwards.

Action

14. The Council continues with its policy of providing discretionary rate relief to the maximum amount to eligible voluntary and community sector organisations
15. The Council actively promotes the availability of discretionary rate relief (via Estates, Revenues, Leisure etc)

Land and buildings

A number of voluntary and community sector organisations use Council property for their activities (land and buildings). This includes sports clubs, community halls, office accommodation and charitable trading operations. The Council’s Asset Management Plan is currently being reviewed and when completed will include details of these arrangements and comment on positive contribution which they make to the Council’s overall support of the sector.

Actions

16. The Council continues to enable voluntary and community sector use of Council land and buildings wherever possible, in support of Council priorities.
17. The Council clarifies how it will respond to the outcomes of the Quirk Review of community management and ownership of public assets, and takes account of this in the VCS Funding Strategy and the HBC Asset Management Plan which is currently being finalised.

Advice and information on obtaining funds

Another key role for the Council is the provision of advice and information to the voluntary and community sector on sources of funding, both from HBC and more widely. Generally this role has been carried out by officers in individual service areas in line with their

specialist knowledge e.g. economic development, heritage, leisure, museums and arts. In the last two years the work in Leisure, Museums and Arts has involved the development of close links with the local Councils for Voluntary Service, with joint projects such as Meet the Funder and funding newsletters. Training sessions have also been provided in conjunction with lottery funders and the North Yorkshire Forum for Voluntary Organisations. The Council also works with the YRCC regarding Village Halls funding advice and project development. This is an effective way of using the expertise of all partners and meeting the needs of a wide range of local organisations.

The continued provision of this service is dependant on access to officers with relevant knowledge and skills and the post of Project Development Officer in Leisure, Museums and Arts, DCS plays a key part in this work (liaising with the CVS's, organising training, producing newsletters etc).

Economic Development Unit officers involved in regeneration partnerships also have a key role in providing funding advice and guidance to the partnerships.

Easy access to funding information is a key priority and many local authorities now offer a web based search facility to assist with this (there are various products on the market). Some initial research has been carried out in DCS and corporate improvement funding may be available. Once the Community Chest is established the HBC funding content on the website will be improved and work will be completed on the options to incorporate a search facility which provides information on local, regional and national sources of funding.

Actions

18. The Council continues to provide advice and information on sources of funding for the voluntary and community sector and also provides assistance in obtaining these funds via training, assistance with projects, support in putting bids together etc. This work to be developed in partnership with the Councils for Voluntary Service and the North Yorkshire Forum for Voluntary Organisations (sometimes known as the Local Infrastructure Organisations)
19. The Council improves the website to include information on HBC grant aid programmes and access to information on other sources of funding.

DETAILED OPERATION OF THE FUNDING PROGRAMME(S).

Many of these arrangements are already in place for the various existing schemes/grant aid programmes. However the earlier reviews identified a number of areas for improvement in order to ensure the VCS is clear about overall policies and procedures.

Grant aid administration

Actions

20. HBC to ensure best practice in the administration of grant aid and include guidance on this in the final strategy document and on the Council's website
21. Individual departments/services to continue to administer their grant aid schemes as previously (rather than centralising for example) but Department of Corporate Policy and Improvement to take a lead role in ensuring a consistent approach and overall promotion of the various schemes.

Use of intermediaries

In some cases it may be appropriate for HBC to involve intermediaries to allocate grant aid. For example NYCC involves the HDSP as an intermediary in the allocation of the Harrogate District Community Investment Fund (2nd homes funding).

Actions

22. For core funding HBC should deal directly with recipients, but pursue opportunities to develop joint monitoring arrangements with other key funders
23. For Project/Development Grants there may be circumstance when an intermediary could allocate funds, in order to incorporate independent assessment in the process. This is being investigated for the new "Community Chest" fund, particularly the option to involve the York and North Yorkshire Community Foundation.

Joining up of funding streams

In some cases HBC funds may be used to contribute to joined up funding streams which then support grants to or procurement from the VCS. This is an area for consideration in partnership working, particularly the Harrogate District Strategic Partnership. Other examples already in existence include North Yorkshire Sport and the North Yorkshire Waste Management Partnership.

Action

24. HBC to keep in mind/identify opportunities to join up funding streams which would enable funding support to the VCS and support these where appropriate.

MONITORING AND PERFORMANCE MANAGEMENT

As key funders of the VCS in our area HBC should be keen to know that the funds allocated are having a positive effect and the intended impact. Arrangements need to be put in place to ensure effective monitoring, reviewing and learning from the delivery of this programme. More detailed work needs to be done in this area but a number of key principles and targets are proposed for comment.

Monitoring

Collection and assessment of information, for 3 purposes:

- Monitoring of individual schemes
- Monitoring of the overall programme
- Policy development

In all cases information should not be collected for the sake of it and requirements should be proportionate to the level of grant. We should not ask for information that will not be used or which does not relate to objectives.

“It is important to strike a balance between the need to demonstrate achievement convincingly and the need to keep information gathering as simple and unobtrusive as possible”

(“Using an Outcomes Approach” - Charities Evaluation Service)

Evaluation

Assessing the extent to which the grant aid scheme has met its objectives. Evaluation arrangements should be built in from the start and clearly stated in the funding agreement.

Monitoring and evaluation can include reliance on the provider’s systems (e.g. as reported to own Board of Trustees or Charity Commission), shared evaluation with other organisations, and contact and visits as well as written documentation.

Joint training/development of monitoring and evaluation arrangements should be considered

Setting Targets

It is essential that the priorities and objectives set down in this strategy are translated into measurable targets and actions identified to deliver those targets.

The following targets are proposed for the VCS Funding Strategy:

- Maintaining the overall level of HBC funding to the VCS
- Measuring the impact of this funding by monitoring the services provided, needs met, investment attracted, number of volunteers
- Improvements in the level of VCS satisfaction with the relationship with HBC
- Increase in the proportion of HBC services procured from the VCS.

Further work will be needed on these targets, particularly the need to set baselines.

Risk assessment/management issues

The funding strategy and guidelines need to take account of various associated risks. A detailed risk analysis will be completed as part of the next stage of work but the following areas have been identified as being likely to need consideration:

- ❑ VAT issues
- ❑ Fraud and counter-fraud: funding relationships with any external organisation are potentially open to abuse and procedures should take account of this risk
- ❑ Audit - proper control of public monies and how this is reflected in decisions on funding
- ❑ Information and communication - need to build this into the VCS Communication Plan

CONSULTATION

A draft strategy was published on the Council's website for comments between 16 April – 6 July 2007 (12 weeks). During that period the draft was considered by the HBC Community & Partners Scrutiny Commission and 2 briefing sessions were held for staff, partners and members (19 June 2007). No adverse comments were received during the consultation period and the Voluntary and Community Sector Forum had already endorsed the draft when it met in March 2007.

IMPLEMENTATION OF THE VCS FUNDING STRATEGY

A summary of all the actions included in this Strategy is set out in Appendix 2 and a detailed action plan will be now be developed to progress this work, led by the Corporate Improvement Officer (Voluntary and Community Sector).

Responsibility for delivering the strategy will involve various groups and individuals and a list of Roles and Responsibilities is included as Appendix 3.

CONCLUSION

The VCS Funding Strategy aims to clarify and improve the Council's funding relationship with the VCS, so that the available resources bring maximum benefit to the community and achieve best value.

APPENDICES

Appendix 1	North Yorkshire Compact Funding Code of Practice
Appendix 2	HBC VCS Funding Strategy Summary of Actions
Appendix 3	Roles and Responsibilities
Appendix 4	Bibliography/key documents



FUNDING CODE OF PRACTICE

1.0 **Aim**

- 1.1 To improve communication, understanding and trust between all partners on matters of funding.
- 1.2 To increase satisfaction with funding relationships including where possible increasing the amounts of funding available, value for money, streamlining application and monitoring processes and promoting good practice in funding relationships and administration.
- 1.3 To maximise funding opportunities through joint bidding initiatives/commissioning and complementary not competitive programmes.
- 1.4 To work to the Government's own framework for good regulation with regard to voluntary and community sector funding including the five key principles of:
- transparency
 - accountability
 - targeting
 - consistency
 - proportionality

2.0 **Shared Values**

- 2.1 All partners recognise the link between the statutory sector and Central Government and the constraints and responsibilities placed on the sector when determining funding arrangements.
- 2.2 All partners recognise the value of funding the voluntary and community sector:
- a) To foster community based activity and promote social inclusion
 - b) To identify community needs and explore new ways of meeting existing needs
 - c) To encourage innovation
 - d) To contribute to an understanding of "what works" in programme delivery and to sustain and support existing projects which fit this criteria
 - e) To provide additional, complementary services to those of the statutory sector which the State has a duty or responsibility to provide

- f) To provide services for which the statutory sector has a duty or responsibility to provide, but which can better be provided by voluntary and community organisations
- g) To promote sustainable development by funding core costs and long term investment

3.0 **Voluntary and community sector undertakings**

- a) To develop and implement effective employment and management standards and systems
- b) To develop and implement appropriate financial systems
- c) To encourage attendance and participation in appropriate financial training courses
- d) To apply for funding only where appropriate eligibility criteria is met
- e) To adopt policies to ensure quality and diversity in all activities and the appropriate involvement of service users
- f) To make best use of opportunities provided by local infrastructure organisations in order to gain training, advice, support or to promote fundraising
- g) To use local infrastructure organisations to facilitate applications to new or existing funding streams
- h) To contribute to an annual review of funding structures through the Annual Compact Review Meeting
- i) To implement appropriate systems for monitoring and evaluating work programmes
- j) To develop contingency funds to cover unforeseen liabilities.

4.0 **Statutory sector undertakings**

- a) To develop funding strategies which demonstrate commitment to the principles of transparency, accountability, targeting, consistency and proportionality
- b) To set out clear terms, eligibility criteria, objectives and appropriate points of contact for programmes.
- c) To set out clear arrangements for voluntary and community organisations including local infrastructure organisations and service providing organisations
- d) To contribute to long term sustainability of voluntary and community organisations through developing three year rolling funding programmes where possible
- e) To ensure clarity and consistency in funding arrangements within organisations
- f) To promote fair access to funding – taking account of the needs of smaller and user led voluntary and community organisations
- g) To take into account the need for effective management infrastructures within voluntary and community organisations, including providing or contributing by financial or in-kind payments to the full management costs of projects.
- h) To encourage voluntary and community organisations to build up a contingency reserve to meet unforeseen liabilities but not allowing the absence of such reserves to be the deciding factor in determining funding applications.
- i) To support innovation through funding programmes
- j) To support the “what works” agenda – acknowledged strategies and initiatives, working practices etc gathered from across the world that are acknowledged to produce results.
- k) To recognise the different ways in which core costs can be met

- l) To strive to introduce flexibility in financial arrangements such as provision for the carry-over of underspend and monitoring and reporting procedures proportionate to the financial award and/or resources of the organisation.
- m) To demonstrate respect for voluntary and community organisations independence regardless of funding arrangements
- n) To use Plain English or other jargon free, simple, clear language
- o) To provide timely, constructive feedback to applicants – especially where applications have been unsuccessful.
- p) To co-ordinate information between funding bodies
- q) To give as much notice as possible (not less than six months) of changes to levels or terms of funding in contractual agreements
- r) To utilise internal complaints procedures for decisions which voluntary and community organisations consider to be unfair
- s) To provide service level agreements and contracts that include:
 - i. Clear information on the purpose of funding
 - ii. Information on accountability
 - iii. Payment timetables
 - iv. Appropriate performance monitoring and evaluation requirements
 - v. Negotiation arrangements for each party should changes occur or become necessary
- t) To seek to develop, as far as is practicable, a single booklet on funding at least six weeks before the earliest known* application deadline. Widely published and distributed, the booklet should include:
 - i. details of financial support available to voluntary and community organisations
 - ii. an outline of the different types of funding available. clear criteria, clear guidelines of costs which may be included in estimated expenditure
 - iv. details of application and decision making timetables
 - v. details of the application process.

*There is a recognition on behalf of all signatories and sectors allied to this process that in some instances funding streams may not be notified within the six-week deadline. Where this is the case every effort will be made to notify organisations as soon as practicably possible.

HBC VCS FUNDING STRATEGY ACTIONS – AUGUST 2007

Strategic grants

1. HBC continues to allocate at least the same overall amount to the budget for strategic grants as previously
2. HBC reviews and re-confirms the organisations who receive this funding, the level of funding and in support of which HBC policies
3. HBC moves to three year funding agreements with individual organisations, with associated monitoring procedures and arrangements for review
4. HBC improves its monitoring and evaluation of the impact of strategic grants.
5. Joint monitoring with other key funders where possible (piloted for the two CVS's in 2006/07).
6. As part of its corporate and financial planning arrangements HBC builds in the ability to consider proposals for reallocation or provision of new funding for strategic grants where such proposals offer the potential for better use of resources or improved value for money.

Project/development grants

7. HBC to continue to allocate revenue funding as previously but with possible discontinuation of some of the current “small” grants to add to the £37,611 allocated to the “Community Chest” fund.
8. Set up criteria and process for applying for grants from the Community Chest to commence in September 2007. As the fund is a “one off” pot the aim will be to maximise impact across the District and provide monitoring and evaluation information to make the case for ongoing budget provision at end of agreed period (to feed into the 2009/10 budget).
9. Other service based grant funds to continue but annual monitoring report produced to show overall investment.

Use of strategic or project funding for “investment”

10. HBC to be aware of the potential benefits of this type of funding style, particularly in relation to partnership working. No specific funds to be allocated but this type of activity should be eligible for funding support from the strategic and project grants funds.

Procurement

11. HBC to ensure link up with the procurement strategy and take account of government policy in this area. Need a much more focussed look at the role of VCS in delivering services.
12. HBC to improve understanding of potential to procure services from the voluntary and community sector, particularly with the growth of social enterprises
13. HBC to develop a better understanding of the process of commissioning services in conjunction with the VCS and the capacity issues around this.

Income foregone

14. The Council continues with its policy of providing discretionary rate relief to the maximum amount to eligible voluntary and community sector organisations
15. The Council actively promotes the availability of discretionary rate relief (via Estates, Revenues, Leisure etc)

Land and buildings

16. The Council continues to enable voluntary and community sector use of Council land and buildings wherever possible, in support of Council priorities.
17. The Council clarifies how it will respond to the outcomes of the Quirk Review of community management and ownership of public assets, and takes account of this in the VCS Funding Strategy and the HBC Asset Management Plan which is currently being finalised.

Advice and information on obtaining funds

18. The Council continues to provide advice and information on sources of funding for the voluntary and community sector and also provides assistance in obtaining these funds via training, assistance with projects, support in putting bids together etc. This work to be developed in partnership with the Councils for Voluntary Service and the North Yorkshire Forum for Voluntary Organisations
19. The Council improves the website to include information on HBC grant aid programmes and access to information on other sources of funding.

Grant aid administration

20. HBC to ensure best practice in the administration of grant aid and include guidance on this in the final strategy document and on the Council's website
21. Individual departments/services to continue to administer their grant aid schemes as previously (rather than centralising) but Department of Corporate Policy and Improvement to take a lead role in ensuring a consistent approach and overall promotion of the various schemes.

Use of intermediaries

22. For core funding HBC should deal directly with recipients, but pursue opportunities to develop joint monitoring arrangements with other key funders
23. For Project/Development Grants there may be circumstance when an intermediary could allocate funds, in order to incorporate independent assessment in the process.

Joining up of funding streams

24. HBC to keep in mind/identify opportunities to join up funding streams which would enable funding support to the VCS and support these where appropriate.

HBC VCS FUNDING STRATEGY: ROLES AND RESPONSIBILITIES

Responsibility for delivering the VCS Funding Strategy is shared by a number of individuals or groups.

Cabinet

Providing political leadership and setting the direction for HBC's funding of the VCS.

HBC Lead Member for the voluntary and community sector

The member champion works actively and closely with the voluntary and community sector to ensure full consideration is given to the impact of council activities and decisions upon the voluntary and community sector. Cabinet has nominated the Cabinet Member for Cultural Services to take on this role.

Scrutiny

Responsible for monitoring implementation of the Improvement Plan, ensuring VCS "proofing" of decisions, and promoting VCS involvement in policy review and development

Chief Executive and Directors

Collectively, responsible for supporting the Strategy and monitoring its implementation. Individually, responsible for compliance with the Strategy in their respective departments.

Heads of Service

Responsible for applying the Strategy and ensuring compliance within their service areas.

Executive Director – Corporate Policy and Improvement

Responsible for overall delivery and monitoring of the Strategy

Corporate Improvement Officer (VCS)

Responsible for implementing the Strategy and coordinating delivery of the Action Plan, for supporting the Voluntary and Community Sector Forum, liaising with officers and managers, raising awareness, liaison with VCS, HDSP etc.

Voluntary and Community Sector Forum Working Group

Responsible for overseeing development of the funding strategy, setting targets and monitoring their delivery.

Voluntary and Community Sector Officer Network

This is an Officer Network, responsible for providing support to the Corporate Improvement Officer (VCS) in implementing the Funding Strategy, and for raising awareness and providing advice to their fellow members and officers.

Members and Officers

In addition to the specific responsibilities outlined above, it is the responsibility of all members and officers to have regard to the voluntary and community sector Funding Strategy in carrying out their duties.

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