



ASHFORD
BOROUGH COUNCIL

Policy

for

**Funding and Support of
Voluntary and Community
Organisations**

2010-2013

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Introduction

Over the last five years we have worked hard to improve our relationship with the voluntary and community sector in Ashford borough. There is no doubt that the sector makes a substantive 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 a wide range of services and activities, give a voice to local people and help, not just to get people involved in their community, but also to feel a sense of belonging.

We have been particularly conscious over the last eighteen months of the support that local voluntary organisations provide to people in crisis, who have lost their jobs or their homes. We have also seen that, throughout the economic downturn, the sector has been a crucial cog in the employment cycle, providing sought-after volunteering opportunities and helping people to build the skills to return to work. We recognise and value this contribution and what we can achieve together for local people, working in partnership.

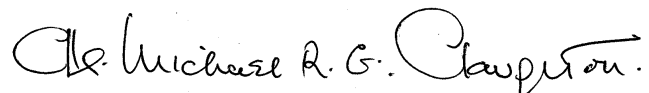
Good partnership working which delivers tangible benefits for our residents is not just about money, but it cannot happen without it. For the first time, this policy sets out the Council's position on funding our voluntary and community sector partners. Even in the best of times, there will never be enough money to meet all needs and the next five years will be particularly challenging with some difficult financial choices for all.

I hope this policy gives clarity about the why and how we will seek to fund the voluntary and community sector over coming years. Through it, and the introduction of a Single Grants Gateway scheme, we aim to ensure that Ashford Borough Council invests in the sector for the greatest benefit possible to the people of the borough.

Finally, we would like to take this opportunity to thank all the groups and individuals who took the time to provide valuable feedback on the policy and funding scheme in our consultation last year.



John Bunnett
Chief Executive



Cllr Michael Cloughton
Portfolio Holder

Purpose

1. This document sets out Ashford Borough Council's position on the support and funding of voluntary and community organisations (VCOs) from 2010 to 2013.

Aims

2. To:
 - a) establish a framework for funding and supporting our local voluntary and community sector which acknowledges why this is a sound investment and how it delivers clear benefits to local residents.
 - b) ensure that Ashford Borough Council (ABC) uses its resources efficiently and to maximum effect for residents when supporting projects and services delivered by local voluntary and community organisations.
 - c) enable the delivery of services, projects and activities meeting community needs across the borough which would not otherwise be provided.

Objectives

3. To:
 - a) provide guidance to officers, members and voluntary and community organisations on ABC policy and arrangements for funding and support of VCOs.
 - b) ensure all funding support aligns with the vision set out in the Council's five year business plan and achieves outcomes which address the Council's corporate priorities.
 - c) Build relationships with VCOs which are
 - co-ordinated, fair and consistent
 - clear, transparent and equitable
 - in line with best practice.
 - d) pave the way for closer working with Kent County Council, the NHS and other funding partners to maximise our investment in the voluntary and community sector and its benefit to people of the borough.

Commitments

4. In this policy Ashford Borough Council makes significant commitments to the funding and support of local VCOs up to 2013. In summary these are to:
 - continue to allocate a proportion of our resources, subject to the availability of resources, to provide funding and support to voluntary and community organisations operating in Ashford borough who meet the aims and objectives of this policy, our funding priorities, and where we have formal agreements in place.
 - introduce a single grants gateway as a model of funding support which offers a range of funding options and arrangements and is founded on national guidance and best local authority practice.
 - assess the impact of our funding by focussing on outcomes.

What is the Voluntary and Community Sector (VCS)?

5. The government defines the VCS or Third Sector as
non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. The Future Role of the Third Sector in Social and Economic Regeneration 2007
6. This is a diverse range of not-for-profit organisations most easily categorised as:
 - **Voluntary and community organisations** including charities (ranging from household names like Barnados to small village hall committees), trusts and community groups and organisations (such as Community Amateur Sports Clubs).

In common to organisations in this category is that they exist and operate for an altruistic purpose rather than for private benefit; that they were set up, and could be wound up, without needing the permission of the state, and that they rely to a greater or lesser extent on volunteers.
 - **Social enterprises** - businesses or services with primarily social objectives whose surpluses are principally reinvested for that purpose in the community. Some come into the categories of VCOs or co-operatives.

Social enterprises operate across the economy in sectors such as training, social care, housing, leisure and childcare. They include trading organisations (such as Café Direct), organisations established to provide employment opportunities to people facing disadvantage (such as Jamie Oliver's '15' restaurants) and development trusts.

- **Co-operatives and mutuals** including Industrial and Provident Societies registered with the Financial Services Authority. The most significant are consumer and worker co-operatives, cooperative consortia, agricultural cooperatives, housing cooperatives and credit unions.

Why we support and fund the VCS

7. Because

- we value the substantive contribution that voluntary and community organisations make to the quality of life and well-being of residents in the borough and we want to help build the sector's capacity and resilience.
- we want to support a vibrant and sustainable VCS that provides responsive services to our growing population and which reflects the wide range of cultural and community needs and interests within the borough.
- we recognise that Including voluntary sector provision alongside public and private sector provision can make for a larger, more diverse and more competitive supply base for public services.
- we understand that, In some service areas, VCOs have a particularly good understanding of users' needs and/or a distinctive delivery capability.

Strategic Policy Context

National

"The government wants to ensure that the third sector is at the heart of reforms to improve public services as contractors delivering services, as campaigners for change, as advisers influencing the design of service and as innovators from which the public sector can learn. This will require a new approach to commissioning and procurement, embracing the sector's multiple roles in shaping and delivering services and particularly in working with users to ensure that services meet their needs" HM Treasury 2006

8. This aspiration to develop the VCS's role in public service delivery has since been laid down in statute through the Local Government and Public Involvement in Health Act 2007 and in Government's National Programme for Third Sector Commissioning Eight Principles of Good Commissioning. VCOs are often well placed to be competitive on price and deliver wider social and economic benefits at the same time. The statutory guidance, Creating Strong Safe and Prosperous Communities (CLG 2008) states:

'The commissioning role is one in which the authority seeks to secure the best outcomes for their communities by making use of all available resources....Increasingly such involvement should deepen to the extent that local communities become co-producers of the services and outcomes they want to see.'

9. The VCS is an increasingly important public service provider and we agree that this new approach to commissioning may offer VCOs fresh opportunities to deliver more local services and gain greater funding stability with less reliance on grants.

Ashford Borough Council is working in partnership with the NHS and Kent Country Council to encourage local health and social care organisations to bid for and deliver more public service contracts. We will also explore where commissioning and procurement of other community services from the VCS could bring greater all round benefits

Comprehensive Area Assessment (CAA) and the Duty to Involve

10. CAA is a single, co-ordinated assessment through which the Audit Commission and its five partner inspectorates review and report on how well local people are served by all the public services in their area. It came into effect in April 2009. At the heart of the process are local people and communities, and councils and other public sector agencies are each be required to engage them fully in service design and delivery and account for their impact on both.
11. In addition, the Audit Commission is seeking evidence of our effective implementation of a new statutory duty to 'inform, consult and involve' known as the 'duty to involve' which also took effect in April 2009. In practice, this means providing greater opportunities for local people to get involved and influence the decisions that affect them. We have therefore undertaken a comprehensive consultation of this policy and believe that it and the introduction of the Single Grants Gateway scheme tied clearly to the Council's strategic priorities (which have in turn been determined by residents) satisfies our duty in this regard.

National Compact

12. The Compact on Relations between Government and the Third Sector in England was refreshed in December 2009. It was first introduced in 1998. The Compact is an agreement which sets out commitments on both sides to improve the way in which the Government and the third sector work together for the benefit of communities and citizens. This policy commits to many of the undertakings within the Compact commitment - Allocating Resources. The Commission for the Compact issued guidance to local authorities in December 2009 which advised the importance of applying Compact principles where budget decisions are likely to place significant pressure on working and financial relationships with partners.

Local

13. The VCS plays a critical role in helping public agencies to understand and meet local needs and to engage and involve residents and communities in service planning and delivery. Their local intelligence, networks, experience and expertise play a crucial part in ensuring that we can deliver the range and quality of community projects required to meet the needs of local people.
14. Accordingly, Local Area Agreements commit government and its strategic partners to working closely with the voluntary and community sector to achieve tangible outcomes for residents. Ashford Borough Council is signed up to the Kent Area Agreement which includes 'increased civic participation' and 'increased volunteering' as targets. Ashford Borough Council and our public sector partners are highly dependant on the local health, capacity and reach of our local VCS to achieve these and other LAA targets.
15. *Ashford Borough Community Strategy 2004 -2014, Ashford Borough Compact 2004 and Culture At the Heart : A Cultural Strategy for Ashford Borough 2007-2011* all acknowledge the VCS's role in developing sustainable communities in Ashford and commit us to
 - supporting the role of the Voluntary and Community Sector (VCS) in delivering services within the borough and engaging the hardest to reach sections of our community
 - developing the sector's capacity to meet the demands of Ashford's growth
 - helping to find solutions to premises and accommodation issues
 - ensuring fair and transparent access to funding.
16. A steering group of public and voluntary sector organisations produced a Compact for Ashford Borough in 2004 with an action plan which has been

realised. In 2009 Kent County Council with public and voluntary sector partners produced Kent Partners Compact.

We aim to produce an updated Compact Action Plan for Ashford borough this year. The action plan will reference the commitments made in the Kent Partners Compact and take into account the Commission for the Compact's recent guidance.

17. Ashford Borough Council is developing a 5yr Business Plan which sets out a vision for the financial sustainability of the organisation. This policy takes into account the challenges in the plan. We are working with residents and partners across sectors to establish a set of strategic corporate priorities which will form the basis of the business plan.

Our corporate priorities will guide the funding priorities within the Single Grants Gateway Scheme.

The Social and Economic Value of the VCS

18. In spite of its size, spread and economic impact many people still do not really appreciate what the VCS contributes to our quality of life, beyond the provision of important public services. We recognise that the VCS generates considerable additional social benefits and service advantages (as identified by NCVO):
- building 'social capital' - networks, relationships and bridges within and across communities that help to bind society together
 - meeting special needs/niche interests through expertise and experience in
 - involving stakeholders and service users – engaging them fully helps to understand need and target services
 - acting with flexibility – its independence allows it, within legal and constitutional boundaries, to respond to changing needs
 - innovating – pioneers in the field of social welfare
 - working across public sector divides – bringing public and other organisations together to support people, especially those with complex needs
 - maintaining an independent voice – structural and legal independence allows it to act as a constitutional check or balance

In the Borough

19. In 2006 ABC and Ashford Community Network, with funding support from KCC and Ashford PCT, commissioned a study into the social and economic value of the VCS in Ashford borough by Habitus Associates. The Study

concluded that Ashford's VCOs make an important social and economic contribution to the borough:

- There are an estimated 850+ such organisations operating in Ashford borough with 785 identified to date. 82% of these organisations are registered charities, the rest are mainly unincorporated clubs and societies.
- The VCS is a significant local employer with almost 3 000 employees. Over 12 000 people (1 in 8) volunteer at least once a month.
- The total annual value of the local VCS is estimated to be at least £150 million including income and the value of volunteers and trustees.

Funding Issues

For Voluntary and Community Organisations

20. Many of Ashford borough's VCOs struggle due to insufficient, irregular funding. This is a serious problem for VCOs nationally. They often rely on multiple, short-term sources that mean constant bid making and an inability to plan longer term. However, contracts do not always solve this problem as there are many examples in other parts of the country where organisations reliant on a single contract for a large proportion of their core funding have folded when this contract is relet to another provider or pulled altogether.
21. Research by Habitus Associates (2006) suggested that approximately 20% of VCOs in the borough are involved in a formal partnership agreement e.g. an SLA or contract. Almost all of this group is involved with only one partner indicating a potentially high level of risk (depending on the proportion of core funding this agreement represents).
22. Latterly, both voluntary organisations and their funders, particularly local councils, have suffered severe pressures due to the recent economic downturn. These pressures include increased demand for certain services in some cases, alongside reduced incomes. Voluntary organisations report difficulties in maintaining staff and service levels at a time when there is high demand for front-line advice and support services, particularly on financial and debt issues, housing, benefits and health (RAISE 2009).

For Ashford Borough Council

23. ABC like other public agencies, is obliged to make the best use of its resources. Due to the effects of the economic downturn and resulting pressure on the public purse, we are now in a position where every opportunity to maximise value for money has to be taken. In some areas of

our work we have been unable to meet income generation targets and that has inevitably put pressure on other areas of our budget.

24. To date we have made a significant financial contribution to local voluntary and community organisations from the Council's annual budget. In 2008-2009 our investment totalled approximately £960k. However, we fully expect that these financial pressures, together with the anticipated reduction in future funding from central Government, are likely to have a discernible impact on the level of external funding we are able to allocate over coming years.

Nevertheless, we will make every effort to support the important work of local voluntary and community organisations in line with this policy, though the Single Grants Gateway where budgets allow, and where we have formal agreements in place.

Our Response to National Guidance to Funders

Grants Vs Contracts

25. There has been a long-running debate about the relative merits of grants and contracts as the means of funding to the VCS for service delivery. Government guidance to public sector funders emphasizes the importance of retaining grants, using contracts where appropriate, and most of all, applying proportionate conditions and monitoring requirements when funding VCOs. The interim report from the Treasury Third Sector Review (2006) noted that:

' there would be benefit to maintaining a mix of grant funding open to small community organisations, alongside the increasing availability of opportunities for third sector organisations to contract with government for the delivery of public services. Many small organisations are not in a position to compete for public service contracts, nor do they see formal public service delivery as part of their core function.'

26. The Audit Commission views the decision on the right mechanism for funding as 'an integral part of intelligent commissioning'. It states in Hearts and Minds (2007) that "Local authorities need to be clear about the purpose of their funding" where it also acknowledges

"Councils are facing increasing pressure to meet the needs and aspirations of diverse communities, in a climate of tight resource constraints. There is a tension between the requirement to meet users' diverse needs and the limitations of a Council's budget".

27. They advise that Councils

“must ensure that they have gathered relevant, accurate, and timely information on the composition, needs, and aspirations of their target populations. They also need to have a clear and defensible basis for the difficult judgements they must make about resource allocation”.

28. The Local Government White Paper 2006 also endorses the principle of a balance of grants and contracts depending on the purpose of the funding. Most councils operate a ‘mixed economy’ of funding arrangements.

Ashford Borough Council will make every effort to adhere to this guidance. Through the Single Grants Gateway, we will introduce a mix of funding arrangements, appropriate and proportionate to their purpose.

Longer Funding Cycles

29. The Treasury’s *Guidance to Funders (2006)* recommends the following ways to ease ongoing and well-acknowledged financial pressures for VCOs:

- permitting advance and/or interim payments under the right circumstances and conditions,
- longer-term funding (more than one year and preferably for three years)

30. Multi-year or three-year funding is becoming the norm following the Treasury Review. We acknowledge that this offers groups some security, and in return allows us, the funder, to negotiate on outcomes and sustainability, in accordance with local funding criteria and priorities.

Therefore, Ashford Borough Council is committed to introducing longer-term funding agreements with voluntary and community organisations wherever practical and mutually beneficial

Full Cost Recovery

31. The 2006 guidance also emphasizes the importance of ‘full cost recovery’ – i.e. funding the VCS not just for direct service costs, but also for running and capacity building costs. In reality, full cost recovery includes nothing that a competent public or voluntary sector project manager would not include in a funding bid.

“When grant making, funders should assess in a simple, proportionate, and equitable manner whether third sector organizations have allocated relevant overhead costs and ensure that costs are recovered only once.” Improving

Financial Relationships with the Third Sector: Guidance to Funders and Purchasers HM Treasury (2006)

32. However, the Audit Commission advises that “public bodies and voluntary organisations need to take a more pragmatic approach to full-cost recovery. Both parties in an arrangement need to make an informed decision about the affordable level of service that the public body can buy with the money it has. The voluntary organisation must consider whether to find match funding, scale back the service, or walk away from the arrangement”. The Government has committed itself to implementing full-cost recovery in all departments and agencies.

Ashford Borough Council, like many councils across the Country, considers full-cost recovery to play a key part in a sustainable sector. We will operate a pragmatic approach as advised by the Audit Commission.

Policy into Practice: ABC Funding of VCOs

33. From 1 April 2010 we are implementing a Single Grants Gateway funding scheme. It will build on the best of practice we have in place already and has been devised in line with best practice guidance as described in this policy. The final format is a result of comprehensive consultation with present and past funding recipients, voluntary and community organisations and members. We believe that together with this policy, it will bring greater consistency, equity and transparency for applicants, encourage a co-ordinated corporate approach to funding voluntary sector led services and projects which address our priorities, and enable us to demonstrate positive impacts for local residents.

Single Grants Gateway

34. At the heart of the single grants gateway is a specific point of entry to Ashford Borough Council for any VCO applying for new funding. The scheme comprises a mix of funding arrangements to allow best fit with the project or service in question and proportionate application and monitoring processes. An officer is responsible for liaising with applicants and acting as their point of contact throughout the application and funding process.

Further Information for Grant Applicants

35. For information on the Single Grants Gateway, eligibility, criteria, and our latest funding priorities please refer to our **Guidance for Applicants** on www.ashford.gov.uk/singlegrantsgateway, email funding@ashford.gov.uk or contact Michelle Byrne on 01233 330485.

References

The Compact - Commission for the Compact 2009

Guidance Note to local authorities- Commission for the Compact 2009

Strong Safe and Prosperous Communities – Statutory Guidance CLG 2008

The Future Role of the Third Sector in Social and Economic Regeneration - HM Treasury and Office of the Third Sector 2007

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The Third Sector: The crucial role of the new local performance framework
Communities and Local Government December 2007

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Strong & Prosperous Communities Local Government White Paper - Communities
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Fruitful funding: a guide to levels of engagement - NCVO 2005

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www.nao.org.uk/guidance/better_funding/index.htm

Ashford Borough Council Business Plan 2010-2015

Kent Partners Compact 2009

Culture at Heart A Cultural Strategy for Ashford borough 2007 -2011

The Social and Economic Value of the VCS in Ashford - Habitus Associates 2006

Ashford Borough Community Strategy 2004

Ashford Borough Compact 2004

Glossary and Funding Definitions

ACN	Ashford Community Network
BME	Black & minority ethnic
CAB	Citizens Advice Bureau
CGF	Community Grants Fund
CLG	Department for Communities and Local Government
CVS	Council for Voluntary Service (in Ashford CASEKent)
GAF	Growth Area Funding
NCVO	National Council for Voluntary Organisations
NNDR	National non-domestic rate relief
SLA	Service level agreement
VCS or Third Sector	Voluntary and community sector
VCO	Voluntary or community organisation

Grant

This is a donation to fund a specific activity because that activity is in broad alignment with the funder's objectives.

Grant in aid

This donation funds the core business or specific aims of the organisation, where it is, or they are, complementary to the Council's aims and priorities.

Grant plus service level agreement (SLA)

This is a grant with an agreement setting out the activities or outputs the funds are intended to support. It can include requirements about quality, monitoring and accountability.

Negotiated partnership or funding agreement or contract

This is where one provider with a satisfactory track record is identified. The agreement or contract is based on funding levels, outputs and outcomes negotiated and agreed by both parties. There is no tendering process.

Tendering plus contract

The funder or client draws up a specification of the service or activity required, and invites providers to put in a competitive tender. EU Directives require contracts over a threshold – currently about £145,000 – to be put to open competition. The decision is made according to published criteria, but not necessarily awarded to the cheapest.

Engaged funding

In *Fruitful Funding* Julia Unwin describes engaged funding as a process whereby

“The funder and applicant organisation work closely together to develop a funding proposition, and then are engaged as equals in the process of grant management.”

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