
COUNCIL SUPPORT FOR THE THIRD SECTOR

**Responsible Cabinet Member – Councillor Andy Scott,
Communities and Engagement Portfolio**

Responsible Director – Chris Sivers, Assistant Chief Executive

SUMMARY REPORT

Purpose of the Report

1. To recognise the pressures that the recession has introduced to third sector organisations and to identify improvements to the way that the Council works in order to develop an environment for a thriving third sector into the future. To understand the potential impact of the Council's Business Model on third sector organisations, particularly in terms of the potential role of third sector organisations in tendering for commissioned services, and the additional support needed to enable organisations to compete for such tenders in future.

Summary

2. The third sector continues to be affected by the current economic climate with a decrease of grants from a number of funders as well as a reduction in personal giving. Darlington Borough Council are one of a few Councils in the country to agree to keep grants at the current level.
3. In November 2009, Darlington Borough Council approved its response to the financial challenge of the future by agreeing a new Business Model. This clearly outlines the role of the Council of the future, identifying four key themes:
 - (a) Champion the interests of citizens and business;
 - (b) Support partnerships to set a vision and direction for the Borough and its services;
 - (c) Promote the Borough to secure investment and support;
 - (d) Ensure the provision of good quality services to the public.
4. The context outlined in this report identifies a challenging few years for the third sector, with changes to relationships with existing providers as contracts change. The Council is keen to ensure that it makes every effort to support the sector to become sustainable in such challenging times.
5. A range of support is given by the Council already to the sector not only in monetary terms but also through the provision of advice and support to meet the challenges of the future. There are a number of further changes that can be implemented that will further support the sector's future sustainability, Details are contained in this paper and in brief they are as follows:

- (a) Provision of an organisational health check for each organisation receiving funding from the Council;
- (b) Development of a joint funding panel for Darlington including involvement of Cabinet Members, Council Officers and appropriate third sector representatives as well as County Durham Community Foundation who already distribute grants in Darlington;
- (c) Transference of responsibility to Cabinet Member for Communities and Engagement for decisions relating to community grants and discretionary rate relief to align it with the portfolio holder who most closely works with strategic policy relating to the third sector;
- (d) Development of a programme to improve third sector capability to tender for services, linking to work on the Targeted Support Fund Programme funded through the Office of the Third Sector.

Recommendations

6. It is recommended that :-

- (a) Cabinet agrees to the implementation of a health check for all organisations receiving a Council grant commencing with those requesting a grant from 1st July 2010 or where there are payments still to be made in the current financial year;
- (b) Cabinet agrees that governance arrangements for a joint funding advisory panel for Darlington are put in place between Darlington Borough Council and County Durham Community Foundation;
- (c) That Schedule 2 of the Responsibility for Functions in the Constitution be amended:
 - (i) To transfer the power currently delegated to the Cabinet Member for Efficiency and Resources Portfolio in relation to Community Grants to the cabinet Member for Communities and Engagement, and to grant an additional delegated power to award discretionary rate relief to the Cabinet Member for Communities and Engagement.
- (d) Cabinet agrees to continue to work with the third sector to develop the capability and capacity of the sector to tender for services through the Targeted Support Fund Programme.

Reasons

7. The recommendations are supported by the following reasons :-

- (a) Implementation of these recommendations will increase the transparency of Darlington Borough Council's grant giving processes and reduce the risk of legal challenge;
- (b) These recommendations will show a clear commitment by the Council to enable the third sector to continue to thrive despite the changes to the economic environment that need to be addressed by both the public and third sectors.

Chris Sivers
Assistant Chief Executive

Background Papers

'Still Surviving not Thriving' – VONNE (2010)

Mary Hall: 2676

S17 Crime and Disorder	The changes proposed in this paper will support the increased strategic focus of grants to improve delivery against priorities.
Health and Well Being	The changes proposed in this paper will support the increased strategic focus of grants to improve delivery against priorities.
Sustainability	Improved sustainability of organisations will be supported through maximising the use of grants through the grant panel by targeted requests to the appropriate fund.
Diversity	This report will have neither positive nor negative impact on diversity.
Wards Affected	All wards in Darlington but particularly the most deprived wards as there will be increased focus on One Darlington – Perfectly Placed priorities.
Groups Affected	All third sector groups in Darlington will be affected by the recommendations in this report.
Budget and Policy Framework	This report does not propose a change to the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is an urgent decision and this is due to the continuing impact of the current economic downturn on the sector and the opportunity to support work on Third Sector Commissioning funded through Communities and Local Government.
One Darlington: Perfectly Placed	The aims of the recommendations are to increase delivery of the strategic outcomes linked to One Darlington – Perfectly Placed.
Efficiencies	This process will enable the Council to maximise the use of resources and focus resources on those things that are agreed strategic priorities.

MAIN REPORT

Current Support Given to the Third Sector

8. The new Darlington Compact agreed by Cabinet on 2nd March 2010 makes the commitment that the Council still sees the need for a mixed economy of grant and commissioning. This document identifies that support to the third sector is not simply seen in financial terms through grants and commissioning but also in terms of sharing skills, providing advice and supporting the sector to influence policy and commissioning.
9. Darlington Borough Council has already agreed to roll over existing funding and has taken the decision not to cut grants at this time when the sector faces so much uncertainty and at the same time, increasing demand for their services. Darlington is one of a few Councils nationally to agree to keep grant levels at the current level. This is seen as good practice and contributing to delivering 'an environment for a thriving third sector' (NI007), as we have signed up to in our Local Area Agreement. However, it will also be a challenging position to maintain in the medium term as pressure on Council resources becomes tighter. The Council is keen to explore implications of this with the third sector, and to make use of this period of relative stability for them to position and prepare themselves to meet the needs of the residents of Darlington and thus support their own long-term survival.
10. The funding that Darlington Borough Council provided in 2009/10 for grants, rate relief and strategic grants totals are as follows:

(a) Community Grant	£ 16,551
(b) Discretionary Rate Relief	£ 40,253
(c) Strategic Grant	£244,136
11. In addition the Council supports some organisations through rent subsidy but this is linked to commercial rents and is subject to change according to the economic climate. In 2008/9 the subsidies amounted to £73,570.
12. Council support for the sector includes joint training opportunities, some of which have been aimed at supporting the sector to participate in commissioning. This enables staff and volunteers from the third sector to take part in Council staff training provision where there are spaces. Our joint training work was used as an example of national good practice and was presented at the national evaluation conference of the Partnership Improvement Programme (supported by IDeA and the Institute of Voluntary Action Research). A number of joint training sessions have been developed including ones linked to the implementation of the new business plan and increasing opportunities for commissioning.
13. We are also working with the NHS to look at how we can make our respective commissioning processes more user-friendly to increase the potential market, including third sector providers. This will enable us to be more effective in the implementation of the personalisation and choice agendas in adult care and the prevention and early intervention commissioning framework within the Children's Trust. To maximise opportunities as we move to outcome based solutions, it is even more crucial that the Council works with partners from all sectors to find solutions to the needs of local people.

14. The Council has worked closely with eVOLution to provide governance support for community centres and other organisations. Connecting with Communities officers have also submitted successful bids for external funding to improve lighting security and signage for Skerne Park community centre. The external funding team provide regular bulletins to the third sector about funding opportunities on a monthly basis and will support them to include appropriate statistical information to strengthen their bids.
15. The Council participated in the ‘Commissioning with the Third Sector’ training programme supported by IDeA and officers are continuing to work with our third sector colleagues to increase their involvement and influence in commissioning. This led to improved engagement with commissioners in the Supporting People team and has supported good practice to involve third sector representatives in service development. This included infrastructure representatives from the third sector on the scoring panel for the tenders. The learning from this process will now be taken forward to other commissioning work both within the Council but also with partner organisations.
16. Support to the sector has included the implementation of the Third Sector Strategy and Partnership Improvement Plan which enabled both sectors to address relationship issues and implement better ways of working together. Following from this will be the development of an internal action plan for implementation of the Compact.
17. Currently the grant programmes operated by the Council are evaluated and agreed in isolation from other external funding programmes. This can reduce the effective use of resources and reduces the ability of the Council to influence partners delivery against its priorities to meet the needs of local people.

Proposals to Support the Third Sector

18. The Council recognises that significant challenges are facing the third sector now and into the longer term. The Council has two roles in supporting the sector through this time. The Council can firstly provide advice and support to enable organisations to prepare for this future challenge, with a view to becoming more sustainable in order to face the challenges ahead. This type of support will be relevant to all organisations, whether their current funding model includes Council support or not, given the financial challenge for all public sector organisations. A key challenge for third sector organisations will be to maintain their independence whatever future funding regimes may be in place. This type of support is outlined further below.
19. Secondly, Cabinet have previously committed to a Strategic Review of its funding arrangements to the third sector. Given the context outlined in this paper, the Council will continue to provide grant support to the sector, but is not proposing to make changes to its grants programme at this time. This period of stability will be crucial for organisations to use to prepare their own strategies for their future.
20. There are a number of changes that the Council can make immediately that will enable greater clarity and enable support for the third sector’s future sustainability.

Proposal 1 – Organisational Health Check

21. A health check covering governance and finance will be undertaken for each organisation that receives funding from the Council will be undertaken. This would include a conversation with a member of council staff to identify any potential development needs and to let them know the Council's strategic priorities. For organisations not in receipt of Council funds, appropriate referral mechanisms will be put in place.

Proposal 2 – Joint Funding Panel

22. The County Durham Community Foundation (CDCF) have stated that they wish to have a strong presence in Darlington, and have requested the Council's assistance to do this. In 2008/09 the Foundation provided more than a quarter of a million pounds of grants to Darlington organisations. There is a desire to ensure that the grant giving that they currently undertake is strongly aligned to the One Darlington, Perfectly Placed agenda, as outlined in the Sustainable Community Strategy. As a part of the discussions on how to align our two services more closely, the Council has offered joint office space with our Connecting with Communities team which is mutually beneficial and will enable Council staff to have greater knowledge of funding available in Darlington. .
23. The aim of developing the joint panel is:
 - (a) Oversee the distribution of grants throughout Darlington;
 - (b) Create a stronger alignment amongst funding bodies, also to create greater impact for Darlington as likely funding sources decrease;
 - (c) Clarify funding arrangements for third sector organisations, as funding bodies are able to determine which funds may be most relevant for each application, thereby increasing the chances of success for third sector organisations, and for funding bodies themselves.
24. A Joint Grants Panel could be established at an early stage, and it is proposed that membership would include one or more Cabinet Members (including the Cabinet Portfolio holder for Communities and Engagement), Council Officers, appropriate third sector representatives, as well as the appropriate representation from the CDCF. The Panel would seek to make recommendations about potential grant support, which can then be ratified through the individual funding bodies' decision making processes – in the Council's case, through Cabinet. Decisions about funding will be based on the application's ability to contribute to the outcomes in the Sustainable Community Strategy.
25. Over time, the Council will be keen to make use of such a panel for the distribution of its own grant funding, and further paper will be presented to Cabinet at that time. Additionally, officers would seek to include other funding bodies within this process as the panel develops.

Proposal 3 – Transfer of responsibility to Cabinet Member for Communities and Engagement

26. It is proposed that decisions relating to community grants and discretionary rate relief would be made by the Cabinet portfolio holder for Communities and Engagement. This would require a transfer of delegation from the existing Cabinet portfolio holder for Efficiency and Resources. This would signal the Council's strong support from a perspective of developing both the sector and this independent resource, and creates greater alignment for the portfolio holder that most closely works with the third sector on a regular basis.

Proposal 4 – Develop a programme with the third sector to improve capability to tender for services

27. As a Council we want to continue to encourage joint working in relation to commissioning to continue to learn together but also changing processes where possible to ensure they are robust and fair, learning the lessons from previous commissioning and procurement programmes. The Targeted Support Fund Programme (from the Office of the Third Sector) has provided £25,000 to the Darlington Partnership in 2010/2011 to support work with local authority and health partners to work with the third sector on commissioning issues. These funds will help the improvement of the way we commission with the third sector both jointly and as individual organisations. This project will focus on improving capability, maximising the use of social clauses that ensures the greatest return on social capital whilst ensuring compliance with procurement legislation.
28. The Targeted Support Fund work will also enable the third sector to more fully understand the processes associated with procurement. In this way we can reduce the risk of legal challenge whilst ensuring capture of the wide range of issues that impact on value for money.

Conclusion

29. The third sector is becoming more aware of the challenges facing the public sector and appears keen to make the most of opportunities to support new models of delivery. However, there is a need to provide reassurance that the Council will support and encourage them as they face the challenges this poses for them.
30. This paper highlights some of the practical ways in which the Council will offer support by and clarifying procedures, simplifying them, making them more transparent but also more robust. These proposals will clarify the routes for accessing support including potential financial support but also training and advice.