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## Meeting of Executive Members for City Strategy and Advisory Panel

14 January 2008

Report of the Director of City Strategy

### City Strategy Financial Support to Voluntary Organisations 2008/2009

#### Summary

1. This report advises Members of the applications received for financial support from City Strategy's voluntary sector funding budget for 2008/2009. Members are requested to maintain existing three year funding agreements and to consider officer recommendations to award a number of one-year funding grants and Discretionary Rate Relief awards.

#### Background

2. In 2007/08 the Executive Member for City Strategy and Advisory Panel agreed four three-year funding agreements with organisations that will end in March 2010. A decision on these organisations is therefore not required, but Members should be aware that these existing funding agreements will consume a large proportion of the total budget for 2008/09. The organisations with three-year funding agreements are listed below:
  - **York Citizens Advice Bureau (CAB).** Free, high volume generalist and specialist advice provider to all who live/work in the city; helping to reduce poverty and exclusion by ensuring services accessible to most vulnerable groups/individuals; proactive/multi-agency approach.
  - **York Council for Voluntary Service (CVS).** Primary infrastructure organisation for Voluntary and Community Organisations (VCOs) in the city; supporting positive partnership working and capacity of VCOs to deliver services to meet needs of residents; enabling residents to become involved via forums, volunteering etc.
  - **York Racial Equality Network.** Promotes and provides independent information and support to victims of racial harassment and

discrimination; help co-ordinate multi-agency approach across city; facilitating involvement and consultation with black and minority ethnic (BME) communities in city.

- **Welfare Benefits Unit.** Second tier advice agency providing specialist advice and training to front-line advice providers and campaign work to maximise take up of benefits, which helps to reduce poverty. Partnership working across CYC /other agencies.
3. An annual review has been conducted with each of these organisations to ensure that they are carrying out the activities detailed in each Service Level Agreement. This review has included an assessment of performance and an analysis of accounts for the year ending 2007. The review concluded that all four organisations are complying with the requirements of their agreement. All the monitoring information is kept on file should Members wish to view it.
  4. Voluntary and community organisations (VCOs) wishing to apply for either grant funding or Discretionary Rate Relief (DRR) from City Strategy's voluntary sector funding budget for 2008/09 were required to complete an application form indicating how they meet the agreed criteria. This funding process is compliant with the York Compact (an agreement guiding the way in which local public bodies and VCOs work together in the city). Annex 1 sets out both the Council's general funding criteria and the criteria for City Strategy financial support.
  5. Properties used wholly or mainly for charitable purposes are eligible for 80% mandatory rate relief from the local authority funded by the government. This relief can be topped up at the discretion of the local authority in the form of Discretionary Rate Relief (DRR). Each £1 of DRR costs the Council 75p with the remaining 25p funded by the government. Historically DRR from this budget has been awarded at 12%.
  6. In a report to the Meeting of the Executive Member for City Strategy and Advisory Panel on 15 January 2007 it was proposed that a review considering future options for making most effective use of the City Strategy funding budget took place prior to the 2008/09 funding application process. This process has been delayed for a number of reasons:
    - A large proportion of the budget is tied up in three-year Service Level Agreements that run until March 2010.
    - The Council is proposing a wider review of the way it engages with the Voluntary and Community Sector and it seems sensible to combine the two processes.
  7. It is suggested that the review will be taken forward in 2008 and will be reported to Members in due course, but that any revised criteria do not

- come into effect until the 2010/11 round of applications (when the three-year Service Level Agreements have come to an end).
8. The budget currently available in 2008/09 (subject to approval at Budget Council) is £256,030. This budget needs to fund the four existing three-year agreements and the additional awards detailed in this report.
  9. VCOs funded through this budget have not received any inflationary increase in funding since 2004/05, which has meant a cut in real terms. This has a direct impact on VCOs ability to deliver services and limits their potential to take on new work. This situation also makes it extremely difficult for new services to be funded, as their applications are in direct competition with existing services for a limited total amount of funding.
  10. A growth bid for an additional £20,000 to the City Strategy voluntary sector funding budget is being considered separately at this meeting as part of the Directorate's budget plans for 2008/09. The £20,000 breaks down as a £7,900 inflationary increase across the budget based on 3% inflation; an additional £5,000 for the York Citizens Advice Bureau (CAB) to cover their increase in rental costs; and the remainder to fund additional applications from VCOs.

#### **New applications for 2008/09**

11. The following new applications for funding have been made to City Strategy's voluntary sector funding budget for 2008/9:
  - 10 applications for grant funding (linked to Service Level Agreements), of which 6 are from organisations with existing funding agreements.
  - 11 applications for Discretionary Rate Relief (DRR) – of which 6 are for DRR only and 5 are for DRR and grant funding.
12. The four organisations without existing funding agreements who have applied for grant funding this year are:
  - **York Older People's Assembly.** The York Older People's Assembly currently functions entirely with volunteers and their application seeks funding for part-time administrative support of 16 hours per week. They argue that without such support the current activities of the Assembly are unlikely to be sustainable.
  - **Older Citizens Advocacy York.** Older Citizens Advocacy York (OCAY) has applied for funding to support delivery of their service, which provides information and advocacy to all older people (50+) and aims to ensure that this group is not marginalised from society. Again the funding is required to ensure that OCAY can continue to deliver the service at the current level.

- **York Credit Union.** The Credit Union will carry a deficit from the 2006/07 year into the 2007/08 year. The total deficit across the two years will total £62,478. Their application for £25,000 will help the business to eradicate most of the 2007/08 estimated loss. The Credit Union is also making a number of additional grant applications to both expand its services and to build a sound capital and reserve base to support these developments in the longer term.
  - **York Unifying and Multicultural Initiative (YUMI).** YUMI aims to promote intercultural diversity in and around York through specific services, events and projects. The project they are seeking funding for is a collaborative social art learning experience aimed at young people and adults for whom access to the arts is not easily available, including BME groups, single parents etc.
13. At the Meeting of the City of York Council held on 28 June 2007 a motion was submitted that "The York Older People's Assembly, a registered charity representing the majority of York citizens over 50, call upon the City of York Council to urgently consider a grant of £6,000 so as to add to monies received by the Assembly from the North Yorkshire & York Primary Care Trust."
  14. The motion was amended to: "Council resolves to consider the request of the Older Persons Assembly, together with grant applications from other bodies, as part of the 2008/09 budget build process". On being put to the vote, the amendment was declared carried.
  15. The York Council for Voluntary Service is one of the organisations with a three-year funding agreement in place. They have submitted an application to increase the amount of grant they receive annually from £33,321 in 2007/08 to £34,150 in 2008/09.
  16. The total amount of funding applied for is £90,779 plus DRR at a cost of £17,433. The applications range in value from £250 to £25,000. Annex 2 summarises the applications received.
  17. Officers have assessed the applications for funding against the criteria. All the applications meet one or more of the City Strategy criteria for funding. Financial information has also been checked by officers in Accountancy. Application forms are kept on file should Members wish to view them.
  18. The shortfall between applications made and current budget available is £58,679.

### **Consultation**

19. Voluntary and community sector (VCS) representatives of the York Compact Group were invited to attend a City of York Council 2008/09

budget seminar in December. This not only provided a mechanism to share information about the pressures, challenges and opportunities facing the council, but it also offered a route by which the views of these various groups could be fed into the decision making process.

20. Annual review meetings were held with the four organisations who have existing three-year Service Level Agreements with the Council. The general feedback received was that most VCOs have received no significant growth (if any) in their statutory funding for many years. As such they are struggling to continue delivering services at the current level and are unable to take on new work e.g. delivery against Local Area Agreement indicators for volunteering and civil legal advice. Whilst officers have been sympathetic to concerns, the current level of budget means that it is not viable to consider increasing the amount of funding provision to these organisations in 2008/09.
21. Consultation within the Council has taken place with officers in Resources, Performance and Improvement (Equalities Officer) and Civic, Democratic and Legal Services.

## **Options**

22. It is clear from the shortfall between applications made and current budget available (see paragraph 18) that all applications cannot be met.
23. A further factor to be taken into account is that, if funding is to be taken away from organisations with existing one-year agreements, then the York Compact and legal advice require that sufficient notice is given, and that as a minimum this should be three months if the proposed reduction is likely to have a significant impact on the organisation.
24. Should the budget level remain in 2008/09 at the same level as 2007/08 a number of options for funding have been considered as follows:
  - A. Maintain the existing one year funding awards at the same level as 2007/08, and award Discretionary Rate Relief to all organisations who were successful in 2007/08 plus York Racial Equality Network and York Supervised Child Contact Service (Annex 3).
  - B. Reduce the existing one year funding awards by 20%, and award Discretionary Rate Relief to all organisations who were successful in 2007/08 plus York Racial Equality Network and York Supervised Child Contact Service. In addition award the remaining grant funding of £6,420 (made up of the 20% saving on existing one year funding awards) to one or more of the four new applications.

- C. Redistribute the available budget between all 10 applications for grant funding, including the 4 organisations without existing funding agreements, and the 11 applications for Discretionary Rate Relief.

## **Analysis**

25. Option A is the recommended option as it provides continuity and eliminates the impact of any reductions in funding. The organisations with existing one-year funding awards have been identified as high priority as they meet some or all of the criteria for services which are cross-cutting, help to reduce poverty and exclusion, and help to build the capacity of the wider voluntary and community sector. This option means that there is not sufficient budget to award any new funding grants to organisations. However, the option does leave a small surplus to fund the two new applications for Discretionary Rate Relief. The York Racial Equality Network (YREN) did not apply for Discretionary Rate Relief (DRR) in 2007/08, but have since moved premises. It is proposed that DRR is awarded to YREN in 2008/09 as an add on to their three-year service level agreement. The York Supervised Child Contact Service (YSCCS) has been recruited by the York Family Mediation Service (YFMS) to enhance the work of the organisation. The YFMS received one-year grant funding and DRR in 2007/08 and it is proposed that these awards are maintained in 2008/09. The YSCCS did not apply for Discretionary Rate Relief in 2007/08, but their application can be accommodated in the 2008/09 budget and will support the work of the YFMS.
26. Option B is not recommended as, whilst enabling one or more of the new applications to be partially funded, existing one year funding awards would need to be reduced by 20%. Reducing existing funding awards by 20% would have a significant negative impact on those organisations affected. It is recognised that the difficulty in funding new applications is an issue that needs to be included in the review being proposed for the coming year. Should this option be approved officers would seek guidance from Members on the allocation of the £6,420.
27. Option C is not recommended as, whilst enabling new applications to be partially funded, this could only be achieved by making significant reductions in funding to other existing high priority services. In essence this is a more extreme re-distribution of funding to that detailed in Option B. Whilst new organisations would of course benefit, this option would present serious difficulties for organisations whose funding is reduced. It is also felt that re-prioritising funding on a year by year basis is not a sensible approach as VCOs require a degree of financial stability to effectively deliver against corporate and wider objectives. Should this option be approved officers would seek guidance from Members on the allocation of funding.

28. Should the £20,000 growth bid to the City Strategy voluntary sector funding budget be accepted Members are asked to approve the following additions to Option A:

- That the £7,900 inflationary increase (3% of total budget) is shared proportionately across the four organisations with three-year Service Level Agreements and the new one-year agreements being considered in this report.
- An additional £5,000 grant is awarded to York Citizens Advice Bureau (CAB) to cover their increase in rental costs.
- That the remaining £7,100 is awarded to one or more of the four new applications.

### **Recalculation of grant funding and DRR where both are payable**

29. Each £1 of 'grant' awarded costs the Council £1; each £1 of DRR costs the Council 75p (with the remaining 25p funded by the government). Therefore where both grant and DRR are awarded there is an advantage in awarding 20% DRR and a reduced amount of grant. This gives the same value of award to the organisation but costs the Council less. The financial summary at Annex 3 shows that recalculating the financial awards in this way allows awards worth £261,817 to be made at a cost of £256,006.

### **Summary of recommendations**

30. In summary, the recommendation is that if the 2008/09 City Strategy voluntary sector funding budget remains at the current level then it is awarded as follows:

Four organisations with existing three-year service level agreements as follows (note additional DRR award to York Racial Equality Network):

- |                                |          |          |
|--------------------------------|----------|----------|
| • York CAB                     | £126,618 | plus DRR |
| • York CVS                     | £33,321  | plus DRR |
| • Welfare Benefits Unit        | £24,125  |          |
| • York Racial Equality Network | £29,626  | plus DRR |

Renew existing annual service level agreements as follows:

- |                                    |         |          |
|------------------------------------|---------|----------|
| • Cruse Bereavement Care           | £450    |          |
| • Centre for Separated Families    | £ 9,000 | plus DRR |
| • Relate                           | £ 9,000 | plus DRR |
| • York Travellers' Trust           | £13,000 | plus DRR |
| • York Women's Counselling Service | £400    |          |
| • York Family Mediation Service    | £250    | plus DRR |

Renew existing Discretionary Rate Awards, plus one new application from York Supervised Child Contact Service, as follows:

- Older Citizens Advocacy York DRR
- York Childcare DRR
- York Muslim Association DRR
- Samaritans DRR
- Yorkshire Rural Community Council DRR
- York Supervised Child Contact Service DRR

31. All awards for DRR will be made for the period 1 April 2008 – 31 March 2009. As the 2008/09 City Strategy Voluntary Sector budget has been fully allocated it will not be possible to provide further relief should the rates bill on any property increase. In the event of any increase in rates, the figures included in Annex 3 represent the maximum liability for DRR awards.

### **Corporate Priorities**

32. The City Strategy voluntary sector funding programme supports a number of the seven direction statements included within the Corporate Strategy:
- The Council will provide strong leadership for the city using partnership to shape and deliver the Community Strategy for the city.
  - We want services to be provided by whoever can best meet the needs of our customers.
  - We will promote cohesive and inclusive communities.

### **Implications**

#### **Financial Implications**

33. The proposed budget for City Strategy's voluntary sector funding in 2008/09 is £256,030. This amount is subject to approval at Budget Council on 21 February 2008. The total cost of all officer recommendations (excluding the growth bid) made in this report is estimated at £256,006.

#### **Human Resources**

34. There are no direct human resource implications arising from this report.

#### **Equalities**

35. Officers have been working with the Voluntary and Community Sector to discuss equality monitoring and to encourage them to make use of existing good practice.



### **Legal Implications**

36. The awards set out in this report are made under section 47 of the Local Government Finance Act 1988 (discretionary rate relief) and section 2 of the Local Government Act 2000 (other financial assistance).

### **Crime and Disorder**

37. There are no crime and disorder implications arising from this report.

### **Information Technology (IT)**

38. There are no IT implications arising from this report.

### **Property**

39. There are no property implications arising from this report. However, it is noted that York Citizens Advice Bureau occupy premises leased from the Council.

### **Risk Management**

40. The potential risks in grant funding external bodies range from failure of the VCO to deliver the agreed service at the appropriate standard, to the closure of the organisation as a whole with consequential loss of funds. These types of risks have been considered and are dealt with through the application, assessment and agreement process put in place by the Council. This includes a financial assessment of the organisation and a requirement that organisations meet the relevant standards for their type of service and that appropriate insurances are held.
41. In addition, this year, due to this decision-making process taking place earlier in the year than usual, a small number of VCOs applying for funding have not been able to submit accounts for the year ending 2007 at the time of writing. In these cases officers have therefore examined accounts for the year ending 2006. It is proposed that, where funding is recommended and agreed, this is made subject to the receipt of satisfactory accounts for the year ending 2007. It is not anticipated that this will present any difficulties to the VCOs concerned as there should be ample time before actual funding awards are due to be made.
42. Measured in terms of impact and likelihood, the risk score for all risks has been assessed at less than 16. This means that at this point the risks need only be monitored as they do not provide a real threat to the achievement of the objectives of this report.

43. It should also be noted that funding is not released to an individual VCO until a service level agreement has been agreed and a signed copy returned to the Council.

### **Recommendations**

44. That the Advisory Panel advise the Executive Member to approve Option A as set out in paragraph 24 and detailed in Annex 3 (subject to the outcome of Budget Council).

**Reason:** This provides continuity and eliminates the impact of any reductions in funding. These organisations have been identified as high priority as they meet some or all of the criteria for funding.

45. That the Advisory Panel advise the Executive Member to approve the additions to Option A set out in paragraph 28 if the additional growth bid is approved for the 2008/09 budget.

**Reason:** This will ensure that an inflationary increase is applied to all grants and will enable additional grant funding to be awarded to organisations.

46. That the Advisory Panel also advise the Executive Member to recommend that officers review the options for making the most effective use of the City Strategy funding budget during 2008 and that proposals are brought back to Members in due course.

**Reason:** This is so the most effective use can be made of the City Strategy voluntary sector funding budget in the future. It is recognised that the difficulty in funding new applications is an issue that needs to be included in this review.

## Contact Details

**Author:**

Tom Bryant  
Partnership Support Officer  
Strategic Partnerships  
Tel No: 551053.

**Chief Officer Responsible for the report:**

Bill Woolley  
Director of City Strategy

**Report Approved****Date** 28 December 2007**Specialist Implications Officer(s)**

Financial:  
Patrick Looker  
Finance Manager  
Tel: 551633

Legal:  
Colin Langley  
Head of Civic, Democratic  
& Legal Services  
Tel: 551004

Equalities:  
Evie Chandler  
Equalities Officer  
Tel: 551704

**Wards Affected:** *List wards or tick box to indicate all***All** **For further information please contact the author of the report****Background Papers:**

Applications are held in the Strategic Partnerships Team.  
'Funding for voluntary and community organisations 2008/2009', booklet  
produced by Strategic Partnerships Team, October 2007  
Compact Guidelines

**Annexes:**

- Annex 1: Criteria for financial support (General and City Strategy)
- Annex 2: Summary of applications received
- Annex 3: Financial summary of recommendations