



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

28 July 2022

Report of the Managing Director and Executive Director - Place

Voluntary and Community Sector Review
(Cabinet Member for Health and Communities)

1. Divisions Affected

1.1 County-wide

2. Key Decision

This is a key decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned and it is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas in the County.

3. Purpose

3.1 To consider the findings of the recent consultation on proposals on the Council's review of voluntary and community sector (VCS) recurring grants and to approve recommendations to take forward the review and progress to the next stage.

4. Information and Analysis

4.1 Background

Following a county wide audit of VCS grants in 2019, a review of all existing 'recurring' grants commenced in July 2020. The review

identified 62 specific recurring grants which are awarded on an annual basis to a range of VCS organisations.

The Council acknowledged that these grants had not been subject to review, despite funding being allocated over many years and the Council considered whether the practice of making recurring grants should continue and, if not, what it should do instead.

A summary of the grants which fall under the scope of this recurring grants review is set out below:

VCS Recurring Grants Under Review

	Number	£'s
General Adult Care VCS Funding	34	506,309
Public Health 50+ Forums	9	6,925
General Corporate VCS Funding	9	127,065
Arts Service Grants	10	137,812
Total	62	778,111

On 6 December 2021, Cabinet approved plans to undertake consultation on proposals that the Council adopt the principle of no longer supporting the award of grant funding to any organisation in the future without a fixed or scheduled end date (save for in exceptional circumstances). Cabinet also approved plans to consult on a proposed process for reviewing existing recurring grants.

It was recommended and agreed that consultation should take place over a twelve-week period with Cabinet receiving a further report on the outcome of the consultation and recommendations for the final approach moving forward.

On 13 January 2022, Cabinet approved a new strategic grants programme and funding framework, committing £1.5 million over two years, supporting activity, projects, and programmes to secure improved outcomes which meet the ambitions set out in the Council Plan 2021-25.

4.2 VCS Grants Review Proposals and Approach

To take forward the review of VCS grants consultation took place on two related proposals. The first proposal was that the Council would stop making recurring grants, and that moving forward all grants would have a specific end date with all organisations in receipt of a recurring grant being given a specific date on which that grant would end.

The second proposal related to what should happen should the first proposal be adopted - essentially the Council would no longer provide grant funding for the activities to which the recurring grants related, instead deciding whether it should commission each activity moving forward. Commissioning services, therefore, for activities that were previously grant funded on a recurring basis.

Proposal One: No longer awarding grant funding without a scheduled end date

End the practice of awarding grant funding to organisations without a scheduled and clear end date (save for in exceptional circumstances).

This proposal would result in the Council providing a clear and scheduled end date at the same time as awarding a grant. The grant award would specify the time frame for which an organisation has secured funding and there would be no expectation that this funding would continue beyond the specified date.

Proposal Two: Proposed Grant Assessment Criteria

Criteria were proposed for reviewing each of the existing 62 recurring grant payments to support an assessment on whether the activity to which the grant related should be commissioned.

It was proposed for consultation that an activity would be commissioned if either of the following assessment criteria is met:

Criterion One

The activity to which the grant relates provides a service which enables the Council to fulfil its statutory requirements.

or

Criterion Two

The activity to which the grant relates:

- *meets the Councils strategic aims and priorities, and*
- *provides value for money, and*
- *supports fair and equitable allocation of resources.*

The Council also proposed that if reviewing existing recurrent grants revealed that two or more grants related to similar or closely related

activities, the Council would undertake a 'thematic review'. This would then determine whether the activities to which they relate should be commissioned on a consolidated or otherwise reconfigured basis.

A preliminary assessment of all existing recurring grants was undertaken, to provide an indication of whether it was anticipated that the relevant activities were or were not likely to be commissioned in the future, based on available information at the time.

These assessments were indicative only, with a clear outline that the assessment may be subject to change following feedback from the consultation and the receipt of further information. However, based on the indicative assessment process, 44 of the 62 existing recurring grants were assessed as relating to activities that were likely to be commissioned. The remaining 18 grants were assessed as relating to activities that were unlikely to be commissioned and as such the funding currently provided to the organisations in receipt of those 18 recurring grants would cease.

4.3 Consultation on VCS Grants Review Proposals

The Derbyshire Compact outlines the Council's obligations to undertake 12 weeks consultation on any proposals which would result in changes to funding arrangements for VCS organisations. Given that proposals could result in changes impacting a number of VCS organisations, there was a clear requirement to consult all interested stakeholders and the general public and to ensure responses are considered in advance of any decision being taken by the Council in relation to each proposal.

Consultation on the Council's VCS Grants Review proposals took place between 22 December 2021 and 23 March 2022, lasting 13 weeks. The purpose of the consultation was to:

- Gain an understanding of support for the VCS Review approach proposals from relevant stakeholders
- Enable stakeholders to understand the potential impact of proposed changes to recurring grant funding and where appropriate offer a viable alternative
- Enable stakeholders to comment on the assessment criteria and where appropriate, offer a viable alternative
- Enable stakeholders to outline how proposals would impact residents.

Consultations during this period took place with existing grant recipients, key stakeholders, and partners. All existing recurring grant

recipients were contacted and offered one-to-one meetings. In addition, a publicly available questionnaire was published online and made available in paper format.

Following a request from a recurring grant recipient, made on behalf of their service users, an easy read version of the consultation was also provided and paper copies were provided to respondents as requested.

A total of 274 consultation questionnaire responses were received from a range of stakeholders as follows:

- 77 from VCS organisations who currently receive a recurring grant
- 57 from VCS organisations who do not currently receive a recurring grant
- 7 from organisations indicating that they were a County Council partner or stakeholder
- 116 from individuals indicating that they were responding as a resident
- 17 from consultees who did not identify themselves as belonging to any of the above categories

In addition, six separate letters in response to the consultation were also received with these responses being considered in the overall consultation findings.

4.4 Key Findings

Responses to the consultation were generally wide-ranging and varied. Support for the proposals outlined in the consultation was mixed across all groups of respondents.

Many respondents were affiliated with an organisation currently in receipt of funding, either as a member of the organisation, volunteer worker or service user and were concerned that a review of funding arrangements could result in their current funding ending.

Whilst many respondents supported the application of end dates in funding arrangements, a number disagreed with the proposal to no longer provide grant funding for activity not meeting outlined criteria.

There was widespread support for more consistent setting of targets and outcomes and the routine reviewing of activities through monitoring and evaluation with many respondents seeing benefits in a commissioned approach. Respondents stated that commissioning would provide more stability, clarity and result in a fairer process, offer

best value, allow greater transparency, and ensure improved quality standards.

In respect of criterion one, there was a divided response on its use. For those that agreed with the criterion, it was seen as a good way of ensuring that services which contributed to the Council's agenda received secure funding commitments. However, there was concern that this criterion was too narrow and that activity which did not meet it would no longer be eligible for any funding.

Responses in respect of criterion two were generally much more positive with two thirds of respondents supporting its application. Comments received highlighted respondents' agreement that it was reasonable that any funded activity should meet this criterion, although some questioned how this would be applied and how decisions would be made in practice. Respondents also indicated that criterion two better reflected the breadth of activity carried out by the VCS.

There was concern that organisations would lose the funding that they had come to rely upon, and that this would lead to the closure of organisations and the loss of community activity. Respondents suggested that the sector and communities are still recovering from the pandemic and adapting to the new landscape of activities would result in additional funding challenges which would be more difficult to manage.

A significant number of consultation responses submitted were directly related to arts activity and associated funding arrangements. The consultation on proposals, presented the first opportunity to comment on budget savings applied to the Arts Service agreed by Cabinet on 11 September 2019. The Council has continued to maintain funding for affected arts organisations in receipt of a grant through general reserves since that time.

In summary key findings in respect of proposals are as follows:

- 42% of respondents strongly agreed or agreed with the proposal to no longer award grant funding without a scheduled end date (36% disagreed or strongly disagreed)
- 49% of respondents strongly agreed or agreed with the Council's proposal to specify an end date for each existing recurring grant (33% disagreed or strongly disagreed)
- Agreement that criterion one should be used to assess recurring grant activity was divided, with 37% of respondents strongly agreeing or agreeing and 36% disagreeing or strongly disagreeing

- 66% of respondents strongly agreed or agreed that criterion two should be used to assess recurring grant activity (14% disagreed or strongly disagreed)
- 61% of respondents disagreed or strongly disagreed with the proposal that if the Council were to decide not to commission an activity to which an existing recurring grant relates, the Council would no longer provide grant funding for that activity (18% strongly agreed or agreed).

Detailed feedback and a summary of responses can be found in the Consultation Report attached at Appendix 3 which should be read alongside this report.

An Equality Impact Assessment (EIA) was completed prior to the consultation, and this has been updated and completed following the formal feedback provided through consultation. The detailed EIA is attached at Appendix 4 to this report with a summary provided in Appendix 1 – Implications at section 5.1.

Recommendations set out in this report have been made with full consideration of the information provided through the consultation relating to equalities and the equalities impact analysis and assessment.

4.5 Proposals

The Council is asked to consider all responses to the consultation. Whilst responses to the consultation were varied, most recognised the need for the changes which are being proposed. Understandably, the main concerns and challenge to proposals was provided by current grant recipients and their beneficiaries particularly where it was indicated that under proposals funding may be withdrawn. Where it was indicated funding was likely to be commissioned, smaller and less experienced organisations were equally concerned that they may struggle to compete and lose out as a result.

Proposals which result in changes to funding arrangements will lead to a level of anxiety across the sector, particularly given that engagement with grant recipients during 2021 and through the recent consultation exercise, has outlined that a many existing organisations are long standing and provide activities to vulnerable groups. These concerns were to be expected and the Council has engaged with groups since the review commenced in 2020 to anticipate and accommodate such concerns. Where possible the Council will look to mitigate concerns

through the implementation process, details of which are set out at section 4.6.

Many consultation responses put forward useful suggestions about how grants could be managed by the Council and particularly how the assessment criteria could be applied to existing recurring grants now and other grant funding to the sector in the future.

Feedback received during the consultation has been shared with relevant stakeholders and used to inform the thinking of the project team. This evidence has supported plans moving forward, but do not fundamentally change the proposals to be considered by Cabinet in this report.

Whilst support for proposals was mixed and respondents were concerned about proposals resulting in changes to current funding arrangements, the Council must balance this against the need to deliver a new grant funding approach for the whole sector. This will secure improved outcomes for Derbyshire which reflect the level of investment, whilst having a cost effective and coordinated approach for the future.

To progress to the next stage of the review process it is recommended that the Council now take forward proposals as follows:

- **Proposal to no longer awarding grant funding without a scheduled end date** – It is recommended that the Council approves the proposal to end the practice of awarding grant funding to organisations without a scheduled and clear end date (save for in exceptional circumstances).

It is also recommended that organisations awarded a grant in the future are made aware when applying for funding, that funding is finite in nature and that recipients should not have expectations that additional grant funding will be available or continue following the allocation of the original award.

The Council has already acknowledged that recurring grants to VCS organisations have been extended year on year for significant periods of time without review or a competitive process to award funding and the Council has not consistently acted in a manner which reflects the position in that respect.

Implementing this proposal will now allow the Council to regularly review the grant funding it provides and will ensure that:

- Grant funding continues to meet the ambitions and priorities of the Council and any emerging community needs
- Grant funding could be allocated to new organisations and new activities where appropriate; and
- The activities funded by grants could be commissioned where appropriate.

This practice will allow the Council to make funding available to a wider range of organisations delivering activities which are aligned to the Council's strategic aims and emerging community need at any given time.

As most grant payments to VCS organisation are one-off in nature, it is not anticipated that this will affect the vast majority of grants, however this will have an implication for the recurring grants subject to this report.

It is recommended that end dates are now imposed on recurrent grants and that funding commitments are reviewed using the assessment criteria outlined in Proposal Two. In line with the Derbyshire Compact agreement, grant funding could be withdrawn from affected organisations subject to 12 weeks' notice before March 2023.

- **Proposals to secure future funding through commissioning** - It is recommended that in future the Council agrees to secure funding for recurring grants through a process of commissioning and that the agreed assessment process will be used to determine whether an organisation should continue on a commissioning pathway.

Organisations not moving onto the commissioning pathway would therefore be unlikely to receive funding from the Council in respect of the activity for the grant that it is currently awarded.

Implementing this proposal will ensure that moving forward, commissioned activities will provide VCS organisations with a more stable platform on which to grow and enhance its activities, thereby helping to contribute to the Council's strategic aims. As is the case for commissioned activity generally, there will be an expectation that organisations will apply and re-apply for future funding in line with agreed timescales, with no guarantee of success.

It is recommended that grants are placed onto either one of the following two distinct pathways:

- Pathway 1: Future funding to be secured through commissioning
- Pathway 2: Future funding to cease.

Placing all grants on either Pathway 1 or Pathway 2 will result in every organisation currently receiving a recurring grant from the Council experiencing a change to their existing funding arrangements.

It is also recommended that, through the assessment and review process, where grants are assessed as similar in nature and activity is closely related, these awards are redesigned and commissioned thematically, on a consolidated or otherwise reconfigured basis.

- **Proposals to use identified assessment criteria to review current recurring grants** - It is recommended the Council agrees to use a series of criteria for grant assessments, to determine whether funding should be secured in the future through commissioning as follows:

Criteria One: Funding provides a service which is required in order to ensure that the Council complies with its legal obligations

or;

Criteria Two: Funding:

- *Meets the Councils strategic aims and priorities;*
- *Provides value for money; and*
- *Supports fair and equitable allocation of resources.*

It is essential that where the Council is subject to a duty to provide a service, the service is provided in accordance with that duty. Commissioning an activity will enable the Council to ensure that the commissioned organisation is contractually bound to undertake the activity in a way that ensures compliance with the Council's duties.

It is also essential that funding activities meet the Councils strategic aims in a fair and cost-effective manner.

As described in section 4.2 of this report, preliminary assessments of all existing recurring grants were undertaken prior to consultation, to provide an indication of whether it was anticipated that the relevant activities were or were not likely to be

commissioned in the future, based on currently available information.

The table below outlined the number of grants, indicatively placed on the different pathways from the review:

Indicative Review Outcome	Number
Pathway 1 - Thematic Redesign	38
Pathway 1 - Commission	6
Pathway 2 - Not further extended	18
Total	62

Although assessment criteria will remain as proposed, the potential impact on organisations could change subject to the information supplied to the Council through the consultation process and potential information supplied through further engagement with organisations moving forward.

However, indicatively for the purposes of this report, it is envisaged that the implications of using the same agreed criteria will likely be those outlined above, pending final decisions. It is important that organisations plan for this in their own budget setting processes for the rest of the 2022-23 financial year.

4.6 Implementation of Recommendations

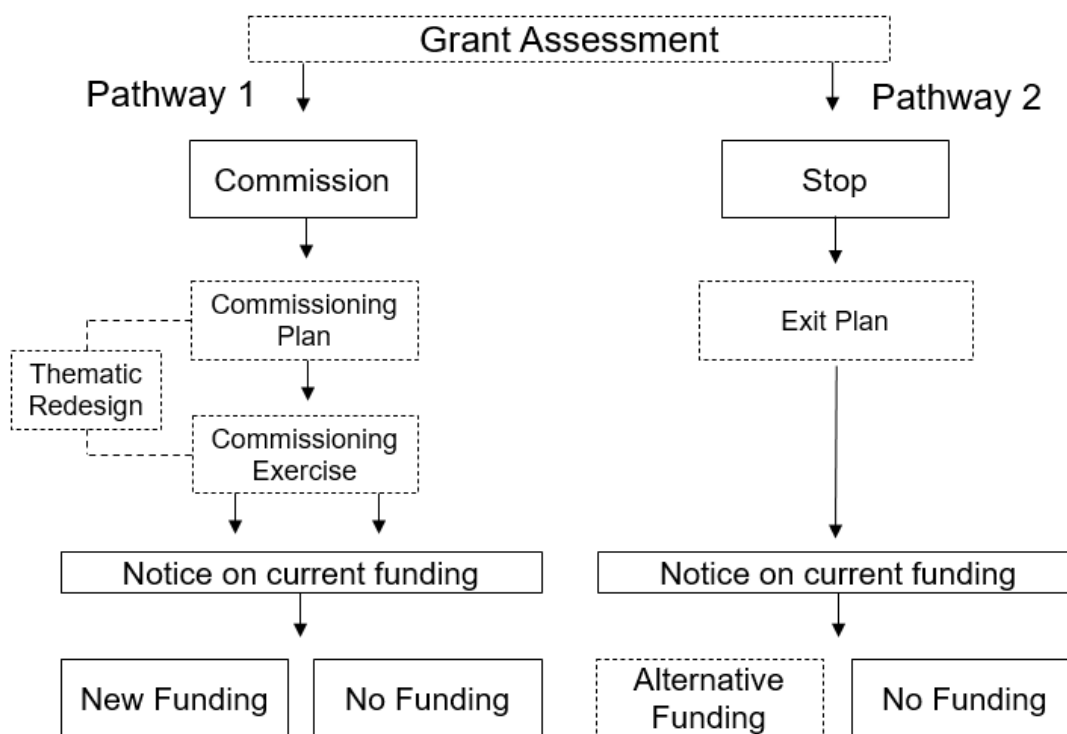
To take forward the next stage of the review process, assessments will now be undertaken using the agreed criteria outlined in Section 4.5. Following assessments, organisations will be notified of their review outcome and their inclusion on either Pathway 1 or Pathway 2. Organisations will also be notified at this point should their grant be recommended for thematic redesign.

Commissioning plans, thematic redesign plans and exit plans will be issued to organisations depending on the review outcome and forms a vital part of implementation. Proposed individual plans will be developed to help prepare organisations for the potential loss of grant funding or a commissioning exercise, as appropriate.

Following assessment outcomes and subsequent notification, it is recommended that there will be a period of representation. This will allow grant recipients to outline their position regarding the assessment, the outcome of individual grants and the proposed individual plan, before a final decision is made. The Council will consider these

representations, make a final decision, and notify the organisation of the final outcome by letter.

The implementation process for grant recipients placed on Pathway 1 or Pathway 2 is described in the diagram below.



- **Pathway 1** - Subject to final decisions following representations, a thematic redesign or commissioning plan will identify a named officer who will be tasked with implementing the plan within an explicit timeframe and agreed end date.

An appraisal will be completed for each grant or thematic redesign area, to ascertain the most appropriate option to achieve desired outcomes. Appraisals and agreed outcomes will be communicated with each organisation according to their agreed plans. This may also identify where support may be available for organisations towards any necessary transition.

An end date for the commissioning or redesign to be completed would form part of each plan. Grant funding for each organisation would continue until the end date is reached. Grant funding will not be extended beyond that end-date, save exceptional circumstances.

- **Pathway 2** - Subject to the final decision following representations, exit plans will cover the length of time grant funding is secured, for a

minimum of 12 weeks notice. An exit plan may also identify what support an organisation would be eligible to receive, to apply for new sources of funding or manage any consequences resulting from a loss of funding.

In January 2022, the Council launched a new strategic grants programme and funding framework with priorities linked to helping residents feel safe, supporting young people and encouraging people to get more involved in their communities, be more sustainable and more active.

All VCS organisations affected by these proposals would be eligible to apply for this funding and if successful, could provide one-off grant funding for organisations to achieve identified outcomes and priorities. Applications would however be assessed and determined on their own merit and against other applications, subject to their ability to meet assessment criteria outlined in the Council's new funding framework.

4.7 Review Process Timetable and Next Steps

The following is the anticipated timescales for the forthcoming stages of the agreed review process:

Action	Proposed Timescales
Assessments on agreed approach/criteria	August 2022
Commissioning and exit plans submitted	August 2022
Representation from organisations on plans	August - September 2022
Final decision letters sent to organisations and relevant organisations put on notice	Early November 2022

Following consideration of the report by Cabinet, officers will progress to the next stage of the review process and will commence the assessment of grants using identified criteria during August 2022.

As outlined in section 4.6 the Council will then write to current grant recipients, confirming the pathway on which their grant has been placed and the assessment used to support this decision. Individual assessments will also be made available for transparency.

Organisations will have the opportunity to consider their assessment and make a written representation outlining their position in relation to their assessment, their plan and the pathway proposed. This period will be a minimum of four weeks and deadlines for representations will also be clearly specified.

Following this period, the Council will consider these representations before a final decision is made.

It is anticipated that final decision letters will be issued to grant recipients in early November and, where required, organisations not progressing through a commissioning pathway will be put on notice. In line with this timetable, the Derbyshire Compact and best value statutory guidance this will be 12 weeks and funding therefore could be withdrawn from organisations before March 2023.

5. Consultation

- 5.1 The Council conducted a public consultation exercise, including consultation with the current recurring grant recipients, between 23 December 2021 and 24 March 2022.

The detail of the responses received, and analysis has been described in the body of the report with full analysis and consultation findings set out at Appendix 2.

6. Alternative Options Considered

- 6.1 Alternative Option 1 Do Nothing – The Council could let current grant arrangements expire and not extend any existing funding arrangements moving forward. This option is not desirable as it would not follow a best practice approach to reviewing grant funding to the sector and could be subject to legal challenge. A best practice approach is one that ensures that the stability of the sector is maintained throughout any review process, those affected have a say regarding the impact of any changes before a decision is made through consultation, and any affected organisations have adequate time following a decision before any significant changes to arrangements are made.
- 6.2 Alternative Option 2 Retain the status quo – The Council could cease its review of VCS grant funding. However, following an initial appraisal of the Council's grants to VCS organisations in 2018, Cabinet recognised that a significant number of existing grants were recurring, long standing and had not been reviewed for some time. Cabinet at this point agreed that a review of existing arrangements was therefore vital to ensure that future funding of the sector reflected a move to an outcome-based approach and to ensure that future investment supported the Council's strategic priorities moving forward. The option of ceasing the review therefore would not enable the Council to meet these aims. There are

significant limitations to the current approach for both the Council and those organisations that receive or wish to receive Council funding in the future and ceasing the review would not allow for necessary changes to be made.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 Report to Cabinet - Payments to Voluntary and Community Sector Organisations 2019-20 28 February 2019
- 8.2 Report to Cabinet - Voluntary and Community Sector Grants 21 November 2019
- 8.3 Report to Cabinet - Voluntary and Community Sector Review 16 January 2020
- 8.4 Report to Cabinet - Voluntary and Community Sector Review 30 July 2020
- 8.5 Report to Cabinet - Voluntary and Community Sector Review 6 December 2021
- 8.6 Report to Cabinet – New Grant Funding Framework and Prospectus 13 January 2022

9. Appendices

- 9.1 Appendix 1 - Implications
- 9.2 Appendix 2 - Indicative Pathway Allocations
- 9.3 Appendix 3 - Consultation Feedback Report and Analysis
- 9.4 Appendix 4 - Equalities Impact Assessment

10. Recommendations

That Cabinet:

- a) Considers the results of the public consultation which took place between 23 December 2021 and 24 March 2022.
- b) Considers the impact of the proposals as set out in the Equalities Impact Assessment attached at Appendix 4.
- c) Approves the proposal outlined in section 4.5 of the report that agrees that the Council adopts the principle of no longer supporting the award of grant funding to any organisation in the future without a fixed or scheduled end date (save for in exceptional circumstances).

- d) Approves the proposal outlined in section 4.5 of the report and agrees that the Council will no longer provide grant funding for the activities to which the recurring grants currently relate, but instead commission identified activity where appropriate.
- e) Approves the criteria for grant reviews outlined in section 4.5 of the report, to be used in assessments which will determine whether funding should be secured in the future through commissioning.
- f) Approves plans outlined in section 4.7 of the report to take forward the review and allow a minimum period of four weeks for recurring grant recipients to submit a written representation outlining their position in relation to confirmed pathway, before a final decision is made.

10 Reasons for Recommendations

- 10.4 To allow the Council to be informed on the outcome of the consultation exercise following 12-week period of consultation set out in the report.
- 10.5 To allow the Council to take decisions relating to this report with full consideration of the information provided through the consultation relating to equalities and the equalities impact analysis and assessment.
- 10.6 To ensure the Council can regularly and consistently review the funding it provides and ensure that organisation do not expectations that grant funding would be available or continue following the allocation of original awards.
- 10.7 To enable the Council to ensure that commissioned organisations are contractually bound to undertake activities which ensures the Council complies with its statutory duties.
- 10.8 To ensure that commissioned activities meet the Council's strategic aims in a fair and cost-effective manner.
- 10.9 To allow the Council to take forward the VCS review as set out in the report and to progress the review towards implementation and completion.
- 10.10 To allow affected organisations the change to challenge the Councils proposed pathway and submit any additional evidence and supporting information to support grant assessments before a final decision is made.

11 Is it necessary to waive the call in period?

11.4 No.

Report Author: Robert Lowe

Contact details: robert.lowe@derbyshire.gov.uk

Implications**Financial**

- 1.1 Currently, funding awarded annually to the 62 grants across different Council departments costs the Council £778,111. As part saving measures due to reductions in the Councils budget, there is an overall ongoing shortfall against these costs of £168,235.

Whilst awaiting the conclusion of the VCS funding review, the reductions have not been passed onto the organisations in receipt of funding and the shortfall is currently being met every year from general reserves. This is not a sustainable position, and the review proposal and subsequent implementation provides the opportunity for these shortfalls to be addressed.

The tables below summarise the total amount of annual funding and number of grants being considered as part of review proposals and outlines the costs of grants in relation to the departmental budget.

1.2 **VCS Grants Under Review****Adult Care VCS Grants**

	Number	£'s
General VCS Funding	34	506,309
Total	34	506,309

All Adult Care allocations are based on funding agreed in respect of the 2022-23 year and can currently be met from existing Adult Care budgets.

Public Health Grants

	Number	£'s
50+ Forums	9	6,925
Total	9	6,925

All Public Health allocations are based on funding agreed in respect of the 2022-23 year and can currently be met from existing Public Health budgets.

Corporate VCS Grants

	Number	£'s
General VCS Funding	9	127,065
Total	9	127,065

Corporate VCS Grants have been subject to funding reductions of approximately 30%, with a £30,423 shortfall being funded each year from general reserves.

Arts Service Grants

	Number	£'s
Community arts groups	9	124,230
Live and Local	1	13,582
Total	10	137,812

- 1.3 The Five-Year Financial Plan, agreed by Cabinet on 11 September 2019, identified a budget saving of £208,000 from April 2020 by reviewing the Arts Service. Funding for Arts Service Grants are met by the budget for the Arts Service. There has been no revenue budget to cover the cost of arts grants from April 2020 and the budget shortfall has been met from general reserves.
- 1.4 The table below outlines the number, and total value, of current grant awards, indicatively placed on the each of the identified review pathways.

Review Outcome	Number	£'s
Pathway 1 - Thematic Redesign	38	387,607
Pathway 1 - Commission	6	93,513
Pathway 2 - Not further extended	18	296,991
Total	62	

- 1.5 Organisations which have their funding redesigned or withdrawn could be impacted financially. This will be identified through the proposed representations process outlined in the report. The Council will work closely with those organisations which are impacted to ensure that plans and timeframes are clear, and transitions managed as effectively as possible.
- 1.6 Subject to final decisions proposals could result in the withdrawal of approximately £296,991 funding from organisations per annum which would contribute to meeting identified savings and would ensure that the Council no longer uses the general reserve to cover the costs of activities which it wishes to continue to fund. Any remaining funding would be available for reinvestment in the sector through the new funding framework.

Legal

- 2.1 The Council has power to provide grants to voluntary and community sector organisations under the general power of competence set out in section 1 of the Localism Act 2011.
- 2.2 The Council must have regard to the Best Value Statutory Guidance which provides that authorities “should not commission services from, give grants to or sell assets to an individual or organisation which actively or vocally opposes fundamental British values, including democracy, the rule of law, individual liberty, and mutual respect and tolerance of different faiths and beliefs; or which calls for the death of members of our armed forces”.
- 2.3 The Guidance also makes is clear that:
 - “An authority intending to reduce or end funding (where ‘funding’ means both grant funding and any fixed term contract) or other support to a voluntary and community organisation or small business should give at least three months’ notice of the actual reduction to both the organisation involved and the public/service users.
 - An authority should actively engage the organisation and service users as early as possible before making a decision on: the future of the service; any knock-on effect on assets used to provide this service; and the wider impact on the local community.
 - Authorities should make provision for the organisation, service users, and wider community to put forward options on how to reshape the service or project. Local authorities should assist this by making available all appropriate information, in line with the Government’s transparency agenda.”
- 2.4 The Gunning principles set out the common law principles to be observed when undertaking consultation. R v London Borough of Brent ex parte Gunning [1985] 84 LGR 168 established these principles, which set out that a consultation is only lawful when these four principles are met:
 - a. Proposals are still at a formative stage. A final decision has not yet been made, or predetermined, by the decision makers.
 - b. There is sufficient information to give ‘intelligent consideration’. The information provided must relate to the consultation and must be available, accessible, and easily interpretable for consultees to provide an informed response.
 - c. There is adequate time for consideration and response. There must be sufficient opportunity for consultees to participate in the consultation. In the absence of a prescribed statutory period, there is

no set timeframe for consultation, though it is widely accepted that twelve-week consultation period is sufficient. The adequacy of the length of time given for consultees to respond can vary depending on the subject and extent of impact of the consultation.

- d. 'Conscientious consideration' must be given to the consultation responses before a decision is made. Decision-makers should be able to provide evidence that they took consultation responses into account.

Following the consultation Cabinet will now need to take careful account of the views expressed in arriving at its decision.

- 2.5 In coming to a decision, the Council should also have regard to the Public Sector Equality Duty (PSED) under the Equality Act 2010. A full Equality Impact Assessment has been prepared and is appended to this report. Cabinet must have due regard to this report to ensure that it is satisfied that any adverse impact and the proposed mitigation allows it to meet the legal obligations.

Human Resources

- 3.1 The voluntary and community sector organisations currently funded by the Council as part of this report are independent of the County Council and therefore there are no human resources considerations.

If funding is redesigned or withdrawn, then there could be a specific HR impact on the individual organisations which will be fully ascertained through the proposed representations process. There may also be structural and resourcing implications for internal services which will be fully scoped during the review.

Equalities Impact

- 5.1 The consultation specifically asked for respondents to outline the impact of proposals on specific communities or groups. Respondents to the consultation on proposals indicated that the following protected groups would negatively or disproportionately impacted under the proposals, if proposals resulted in a reduction in funding to their organisation or the organisations to which they were a beneficiary.

- Older residents
- Those with a disability
- Those living in rural areas
- Those with low incomes.

26 groups responding to the consultation said that their provision directly or indirectly related to a protected group and proposals would impact on their beneficiaries. Beneficiaries in this context is a complex mix of individuals, either direct service users in relation to specific grants or individuals who engage with the organisation, its provision or activities which are supported by the grant.

Of the organisations who stated that their provision would be affected:

- Nine indicated that their provision would be reduced
- Two indicated that their provision would be more expensive
- 18 said provision would end
- Three said it would affect other provision.

The impact of which would be:

- An increased risk of social isolation
- A decrease in access to support, care, and medical appointments
- Increased difficulty in carrying out routine daily activities
- Poorer mental and physical wellbeing
- Increased pressure on services provided by partner organisations.

Recommendations outlined in the report have been made with full consideration of the information provided through the consultation relating to equalities and the equalities impact analysis and assessment.

Corporate objectives and priorities for change

- 6.1 The review of funding to the voluntary and community sector is a key priority outlined in the Council Plan. The review is essential and will ensure that resources allocated to the VCS support the Council's ambitions in supporting a fairer and more equitable allocation of funding, enabling efficient and effective investment, and encouraging the long-term sustainability of the sector moving forward.