

Third Sector Funding Review Update – 9th June 2016

1.0 Report Purpose

The purpose of this report is to provide an up-to-date position on the review of funding to the 3rd sector

2.0 Definition of 3rd sector

For the purposes of this project the definition of 3rd sector shall be non-governmental and non-profit-making organisations or associations, including charities, voluntary and community groups, cooperatives etc.

3.0 Project scope

To review all spend facilitated by the authority to the 3rd sector, and in doing so, ensure services are strategically commissioned and targeted at identified needs within the community to maximise return on investment.

4.0 Background

During a TIC Programme Board meeting in September 2013 a request was made to investigate how much money the authority spent annually on the 3rd sector. This was as a result of some anecdotal information being received with regards to a lack of co-ordination of spend and strategic focus in this area.

5.0 Magnitude of Review

Information suggested that the authority facilitated funding in the region of £16.7 million to the sector during 14/15. This ranged in size from payments of less than £100 to over £1million.

6.0 Key areas of work

The focus of the review to date has been to identify:

- Key areas of spend
- Duplication of services
- Efficiencies & Maximising the value of every £ spent in the sector
- Ensuring consultation and engagement with key stakeholders throughout the process

7.0 Governance

The review has progressed on a day to day basis by an officer working group made up of representatives from each department alongside members of the TIC team. The officer working group feeds into a steering group set up to be a challenge forum for the project. This group is made up of representatives from the voluntary sector, each of the 3 main political groups and

senior officers from the authority. The overall responsibility for decision making lies with the TIC Programme Board.

8.0 Progress to date

The review has;

- Worked with group accountants and budget managers to agree a financial baseline for the project
- Worked with budget managers and key stakeholders to develop a governance structure for the project
- Undertaken a significant consultation and communication exercise with budget managers, organisations and selected stakeholders
- Undertaken an assessment of organisations within the top 50 spend using an impact assessment framework agreed by key stakeholders
- Identified areas of duplication both in funding and services for further investigation

9.0 Financial picture

The review has found the financial arrangements within the 3rd sector to be complex, particularly when defining what is classed as 3rd sector. For the purposes of the review it was agreed that the 3rd sector would be as per the definition discussed earlier in this paper. This represents funding in the region of £16.7m for 14/15. The officer working group has focused its attentions on the top 50 3rd sector organisations in terms of spend. This was due to capacity of the working group and the relatively low level of funding to groups outside of the top 50 (the top 50 represents 97.37% of overall spend in the sector).

10.0 Savings identified to date

Whilst the review had a target of reducing funding to the 3rd sector by £1million it has become clear that certain areas of spend have been difficult to influence when services have been statutory in nature and particularly demand led. The group however has identified reductions of £742,075 (or 34%), which is a significant achievement. It should be noted that these savings have been achieved due to early dialogue with the organisations and awareness raising of the project. The majority of reductions above have been factored within each department's PBB's.

Looking forward, further reductions within the 3rd sector have already been identified for delivery in 16/17 of £285k and £164k in 17/18.

11.0 Recommendations

To address the issues identified the following recommendations are made (in priority order):

Recommendation 1

That a small team be pulled together to specifically focus on funding within the sector. The purpose of this team would be to;

- Improve co-ordination of funding to the sector
- Increase value for money / added value
- Ensure funding supports the authority in delivering its key strategies

- Maximise collaboration opportunities
- Ensure clear funding exit strategies are in place.
- Ensure all payments comply with grant, financial and procurement regulations/ procedures.
- Regularly report to a Challenge panel

Draft terms of reference for this group can be found in **Appendix A**. The staff for this new team will be found from existing resources on a proportional basis from each dept involved in working with the sector. It should be noted that the actual budget will remain the responsibility of the depts.

Recommendation 2

Once the challenge panel is firmly established, all funding to the sector will be facilitated by the new team and information provided to the Challenge panel chaired by the Head of Audit & Procurement for review and authorisation on future funding awards.

Recommendation 3

That clear links are made between the 3rd sector funding group and the TIC Procurement project to progress the Welfare Benefits Advice Workstream. These links will be facilitated by the Head of Audit & procurement supported by the TIC team.

Recommendation 4

A contracts register be developed which is accessible to all budget managers / commissioners to improve contract management, co-ordination and central oversight

Recommendation 5

Review of contracts. A significant number of contracts will need to be re-negotiated to better align them with the needs of the authority. A number will need to be prioritised as they have not been reviewed for some time. Initial focus should be given to core funded activities.

Recommendation 6

Identify cross cutting themes for central review in order to rationalise activities. There are a number of organisations that deliver similar services yet do not necessarily link in with each other and therefore may not be providing the authority with best value for money. Examples identified within this project have included general advice services and welfare benefit advice.

Recommendation 7

Training is provided to budget managers / commissioners. This should improve the consistency of commissioning, procurement and contract management across the authority.

Appendix A

Third Sector Spend - Knowledge Hub

Terms of Reference

Introduction

The Third Sector Spend - Knowledge Hub will provide a centralised, coordination function for third sector spend within the authority to ensure a consistent approach, avoid duplication and ensure value for money, including key principles of project management and grant compliance.

The Third Sector Spend Knowledge Hub will ensure that organisations funded by the Authority are targeted at agreed strategic priorities of the Integrated Community Strategy.

A Third Sector Spend Review Panel will be established to assess all funding to ensure transparency and opportunities for collaboration.

Remit of Third Sector Spend Knowledge Hub

1. To be the 'first contact point' for information and intelligence of all third sector spend in the authority
2. Monitoring, guiding and installing confidence in budget managers on areas of good practice in the key principles of project management to include:
 - Outputs and impacts in line with the Integrated Community Strategy
 - Capturing 'added value' e.g. economic impacts and job creation
 - Value for money
 - Processes for avoiding duplication
 - Maximising levered and other external funding
 - Opportunities for collaboration
 - Exploiting funding opportunities and partnerships with other public sector organisations e.g. Health
 - Ensure links established for grant compliance, finance and procurement procedures
 - Exit strategies
3. Coordinating data on total spend to third sector
4. Coordinating data on total outputs /impacts as a result of spend to third sector
5. Facilitating opportunities for areas of collaboration
6. Identifying opportunities for external funding to reduce LA core funding e.g. Lottery, WREN, Communities Facilities Programme, to maximise investment in the County
7. Promoting, and sharing good practice with budget managers to achieve cultural change in the approach to more efficient spend with the third sector.
8. Inform Corporate Management Team of spend analysis.
9. Promoting effective communication within budget managers to avoid duplication.

10. Sharing knowledge with departments on future spend with the third sector.

11. Enhance opportunities for knowledge exchange and exploitation.

Third Sector Spend Review Challenge Panel

A panel will be established that will review all third sector spend with the view of ensuring spend is line with the authority's objectives as noted above. A key element will be 'the challenge' and ensuring value for money, consistent cultural approach to third sector spends.

Membership of Panel

Representations from the following departments are currently envisaged: (Chaired by Head of Audit & Procurement).

Education

Social Care

Finance

Regeneration and Policy

TIC Team