

MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Wednesday, 12th January, 2005 at 10.00 a.m.

Present: Councillor T.M. James (Chairman)
Councillor Mrs. P.A. Andrews (Vice Chairman)

Councillors: B.F. Ashton, W.L.S. Bowen, A.C.R. Chappell,
J.H.R. Goodwin, J. Stone, J.P. Thomas and W.J.S. Thomas

In attendance: Councillors Mrs. S.P.A. Daniels, D.J. Fleet, Mrs. J.P. French,
J.C. Mayson, D.C. Taylor and P.G. Turpin

39. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Mrs M.D. Lloyd-Hayes, G.V. Hyde, R.J. Phillips, J.G.S Guthrie, and Mr P Collins, Mr G Jones, and Mrs E Newman.

40. DECLARATIONS OF INTEREST

The County Secretary and Solicitor reminded members of the provisions regulating the declaration of interests.

The following declarations of interest were made:

Councillor	Interest
B.F. Ashton	Personal – as one of the Council representatives appointed to the Community Voluntary Action Ledbury & District Management Committee
A.C.R. Chappell	Prejudicial - Director of Community First
R.V.Stockton	Prejudicial – Chairman of Herefordshire Voluntary Action.
J.P. Thomas	Personal - as one of the Council representatives appointed to the Leominster Festival Committee and North Herefordshire (Leominster) Shop Mobility

41. MINUTES

RESOLVED: That the minutes of the meeting held on 4th November, 2004 be confirmed as a correct record and signed by the Chairman.

42. REVIEW OF SUPPORT TO THE VOLUNTARY SECTOR

(Councillor A.C.R Chappell had declared a prejudicial interest in relation to Community First and Councillor R.V. Stockton had declared a prejudicial interest in relation to Herefordshire Voluntary Action and they withdrew from the meeting during consideration of matters relating specifically to those Organisations.)

The Committee considered the outcome of a review of support to the Voluntary Sector.

The report noted, as last reported to the Committee in February 2004, that the review, as a cross-cutting review, was within the Committee's remit, building on work commenced by the Social and Economic Development Scrutiny Committee because the majority of grants were distributed through the Policy and Community Directorate.

The review's principal recommendations were set out in an executive summary, at the front of the detailed review report, as set out in appendix 1 to these Minutes. Additional recommendations in relation to funding challenges facing the Council in setting its 2005/2006 and future budgets were set out in part 8 of the report, as set out in appendix 2 to these Minutes.

The Senior Partnership Policy Officer, lead officer for the review, gave a presentation highlighting the scope of the review, the methodology employed, key findings and key recommendations.

The key findings he identified were: that Herefordshire Council is in comparative terms generous in its support to the Community and Voluntary Sector and that the Council is not securing best value for money from current arrangements.

The key recommendations he identified were in four categories, as detailed in full in the appendix to these Minutes:

General

- A Community & Voluntary sector support strategy to be drawn up
- Market Testing in appropriate service areas
- Comprehensive review and monitoring systems needed
- Radical changes to the Voluntary Sector Grants Scheme
- An end to 2 annual bidding rounds
- Revised grant criteria
- Earmarking some funds for the most deprived areas

Voluntary Sector Grants

- Grants to be awarded on a once only basis
- Individual Council managers to be responsible for grant performance
- Delegation of grants awards to officers after consultation with the Cabinet Member, and local member with Service Level Agreements (SLAs) where appropriate
- SLAs, not grants for support lasting longer than 1 year
- SLAs to be made more robust and consistent

- More robust SLA monitoring and evaluation

Infrastructure Organisations

- Funding for Community and Voluntary Action Ledbury & District to be withdrawn
- Community First programmes to be market tested
- Formal partnership collaborative working with Citizens Advice Bureaux for Community and Voluntary Action, ABLE and the Welfare Rights Team, but if unsuccessful, market testing of the Welfare Rights Service

The Director of Policy and Community emphasised that periods of notice referred to in recommendations set out in the review would require adjustment if it was decided to proceed in issuing such notices.

She added that the review had been conducted on the assumption that current levels of funding could continue to be available. However, given the future funding challenges facing the Council in setting its 2005/2006 and future budgets the Review Team had commented on this issue, as set out in appendix 2 to these Minutes.

Councillors who had served on the Review commented upon it. The Committee was advised that the review had been thorough, detailed, challenging and robust. Officers, in particular the Core Review Team, were congratulated on the considerable amount of work involved, their commitment to the review, and the way in which hard choices had been addressed. Attention was drawn to the finding that, whilst mindful of some of the difficulties in ensuring benchmarking comparisons were on a like for like basis, the Council was comparatively generous in its support to the Community and Voluntary Sector. The difficulty in supporting new initiatives, given the expectation on the part of many organisations once they had been successful in obtaining grant funding that they would continue to receive an annual grant, was registered. It was also stressed that the Council was being required by Government to make efficiency savings and it was important that funding was used effectively and where it was most needed.

A large part of the ensuing discussion focused on recommendation 21 of the review: "that funding for Community Voluntary Action Ledbury & District (CVALD) be withdrawn at the conclusion of the existing Service Level Agreement on the 31st March 2005, as there was no economic justification for supporting it as a separate organisation". This was in the context of the formation in 2003 of Herefordshire Voluntary Action (HVA) by amalgamating all the County's local Voluntary Action Organisations, which covered the whole County, with the exception of Ledbury Town and its 23 surrounding parishes covered by CVALD.

The following principal points were made in relation to this issue:

- The Chief Executive provided clarification on the position in respect of the obligation upon Councillors to make declarations of interests. He explained that the Code of Conduct permitted Councillor B.F. Ashton, as one of the Council representatives appointed to the CVALD Management Committee, to remain in the meeting and speak whereas Councillor R.V. Stockton had left the meeting because of his role as Chairman of HVA which appointment was not made by the Council.
- A Member suggested that, without wishing to impugn him personally, Councillor Stockton's role as Chairman of HVA and Cabinet Member (Community and Social Development) might create a perception of a conflict of interest. In response a Member of the Executive emphasised that Councillor Stockton had acted meticulously in this matter and that was accepted.

- The Chief Executive emphasised that he was certain that Officers had not been subject to any inappropriate influence in the review. The Member who had raised the issue stated that it had not been intended to imply that there had been any inappropriate influence.
- There was concern that withdrawing funding from one part of the County in the way proposed would impact adversely on the Council's reputation. It was suggested that this was also contrary to a previous assurance given by the Council that it would not seek to influence the future structure of service delivery of CVS infrastructure functions by use of the funding mechanism.
- That there was insufficient evidence in the report regarding the quantity and quality of services provided by HVA and CVALD, the number of volunteers, and other income raised to fund service delivery, and their respective value for money.
- The views of service users and their satisfaction with the services being provided were not reflected in the review.
- It was noted that CVALD had been in existence for 25 years and generated considerable additional income to finance its services in proportion to the Council's grant. The review gave no information on the income generated by HVA since its establishment 2 years ago.
- The review did not argue that CVALD was itself inefficient.
- There was some dispute over the negotiations which had led to the establishment of HVA and whether or not CVALD had been excluded.
- The benefits for the Council in dealing with one Organisation such as HVA were discussed. The Chief Executive commented that the Council was entitled to consider as a strategic issue whether it was content to deal with a multiplicity of organisations or whether it should act as a catalyst in encouraging the voluntary sector to organise on a County-wide basis.
- It should not be too taxing for the Council to deal with two Local Development Agencies. The respective areas of responsibility of HVA and CVLD. were clearly delineated and did not cause operational difficulties. The withdrawal of grant to the CVLD by the Council, whilst clearly having an adverse effect would not result in the organisation's demise. The Council would therefore continue to have to deal with two organisations, but with its influence reduced. The Council should focus on the service being delivered to the public and whether this represented value for money.
- That the review had found duplication in support to HVA and CVALD.
- It was proposed that rather than the Committee revisiting the matter itself the review should be forwarded to Cabinet, recommending further evidence be sought to inform its decision in relation to recommendation 21 and the associated recommendation 22, noting the Committee's rejection of these recommendations on the grounds that there was insufficient evidence in the review report to support the recommendations.

The following additional principal points were made:

- Some concern was expressed that the level of response from other Councils to requests for information made it difficult to draw conclusions.
- That in considering budget pressures it was important to ensure that it was recognised, as the review recommended that an across the board reduction was inappropriate and careful consideration needed to be given to each grant on its merits. It was acknowledged that a number of organisations had become reliant on an annual grant. However, as the review contended it was important to ensure that grants were reviewed and their continuing appropriateness assessed.
- In relation to a new mechanism for determining grant applications (recommendations 9 & 14 in particular) there was discussion of the role of the Local Member and the role of the scrutiny function. Regarding Local Members it was noted that a considerable number of the organisations to whom grants were awarded operated County-wide. It was nonetheless concluded that involving Local Members where appropriate should be supported. In terms of the scrutiny function the Chief Executive suggested that it would be important to provide for involvement prior to a decision being made. Members suggested that Cabinet should be requested to give careful consideration to this point.
- That it was essential that the vital contribution made by the Voluntary Service was recognised and that it was not overburdened or hindered by unnecessary bureaucracy.
- That in relation to recommendations 15-19 relating to use of service level agreements it should be emphasised to Cabinet that arrangements should be made to ensure that such agreements were proportionate and as simple and flexible as possible taking care to avoid overburdening and hindering voluntary organisations.

RESOLVED:

That (a) recommendations as set out in the Executive Summary of the review of Council support to the community and voluntary sector, as set out in appendix 1 to these Minutes be approved, forwarded to Cabinet for consideration and also made available to the Budget Panel WITH THE EXCEPTION OF RECOMMENDATIONS 21 and 22 and SUBJECT TO:

(i) in relation to recommendations 9 and 14, Cabinet being requested to give careful consideration to the role of Local Members and ways in which the relevant Scrutiny Committee Chairman could be involved in the consideration of grant applications prior to a decision being made;

(ii) in relation to recommendations 15-19 relating to use of service level agreements it being emphasised that arrangements should be made to ensure that such agreements should be proportionate and as simple and flexible as possible taking care to avoid overburdening and hindering voluntary organisations; and

(iii) it being noted that periods of notice referred to in recommendations set out in the review would require adjustment if it was decided to proceed in issuing such notices.

(b) Cabinet be recommended to seek further evidence to inform its decision in relation to recommendation 21 and the associated recommendation 22 noting the Committee's rejection of these recommendations on the grounds that there was insufficient evidence in the review report to support the recommendations;

(c) that if consideration is to be given to reducing funding to the Community and Voluntary Sector in preparing the Council's 2005/2006 budget regard be had to the recommendation that this be done in stages as set out in section 8 of the review report, as reflected in appendix 2 to these Minutes.

(Councillor J Stone, a Member of the Review Team, requested that his support for the Review Team's original recommendations be recorded.)

The meeting ended at 11.40 am

CHAIRMAN

Appendix 1
(Minutes of the
Strategic Monitoring Committee
12th January, 2005)

**RECOMMENDATIONS OF THE REVIEW OF HEREFORDSHIRE COUNCIL
SUPPORT TO THE COMMUNITY AND VOLUNTARY SECTOR AS SET OUT IN
THE EXECUTIVE SUMMARY**

GENERAL

1. That support to the Community and Voluntary sector should be properly recorded where officers complete individual work programmes and time recording sheets.
2. That market testing of service options be considered or takes place in appropriate service areas.
3. That a Council Community and Voluntary Sector support strategy be drawn up and adopted as soon as possible.
4. That individual Council Departments examine the scope for including the Community and Voluntary Sector in achieving their strategies' objectives.

VOLUNTARY SECTOR GRANTS

5. That the current funding by percentage guideline allocations be discontinued.
6. That the current two annual bidding rounds be replaced by a single bidding round. Alternatively, that voluntary sector grant applications be made on a rolling basis and considered at quarterly intervals.
7. That funding for more than one year should not be provided by grants but through Service Level Agreements where appropriate.
8. That grant applications be considered on merit against criteria, which have been revisited, strengthened and made more transparent.
9. That once the grant criteria have been revised the allocation of grants be delegated to officers, with the relevant Cabinet Member being consulted, along with the local Member where appropriate, in line with best practice of similar grant schemes operated by Herefordshire Council.
10. That the Voluntary Grants Scheme monitoring system be made more robust to facilitate a detailed evaluation of the effective use of grant funding, and its impact on Herefordshire and its residents.
11. That individual managers be made responsible for monitoring the satisfactory performance of grants relating to their service areas. That grants be conditional and only given in return for agreeing to meet a range of responsibilities.

12. That a limited amount of funding, to be agreed by the Cabinet Member, be ringfenced for the areas of greatest need within Herefordshire as measured by the Index of Multiple Deprivation Super Output Areas.
13. That funding be conditional upon the organisation in receipt of a grant having diversity and equal opportunities policies in place, which are acceptable to Herefordshire Council.
14. That an appraisal panel replace the practice of single officer appraisal of grant applications.

Service Level Agreements

15. It is recommended that SLAs be established with organisations that receive significant support (such as Age Concern), but that this be reviewed once the CVS support strategy has been approved.
16. That Service Level Agreements be made more specific and linked to required and measurable outputs and outcomes.
17. That clear and robust criteria be introduced against which Service Level Agreements should be monitored.
18. That any new or renewed Service Level Agreements be drawn up using the checklist of headings and guidance as outlined in this report.
19. That rolling Service Level Agreements should not routinely be entered into, but be used where this is appropriate.

Infrastructure Organisations

20. That the Council endorses Community and Voluntary services continuing to be provided locally.
21. That funding for Community Voluntary Action Ledbury & District be withdrawn at the conclusion of the existing Service Level Agreement on the 31st March 2005, as there is no economic justification for supporting Community Voluntary Action Ledbury & District as a separate organisation.
22. That such notice to Community Voluntary Action Ledbury & District be given as early as possible.
23. That no more projects be awarded to Community First without a competitive tendering exercise taking place, and that this should apply to existing projects where the appropriate notice can be given.
24. That Herefordshire Association of Local Councils be warned of the implications of not meeting their Service Level Agreement monitoring requirements. In the event that Herefordshire Association of Local Councils fails to provide the monitoring information as outlined in the Service Level Agreement action be taken to terminate the Service Level Agreement.
25. That the Compact agreement between the PCT, the Social Care and Strategic Housing Directorate (the Council) and the Alliance should be reviewed according to the terms in the COMPACT and by the Joint Health and Social Care Commissioning Group.
26. That collaborative working arrangements be pursued with Citizens Advice Bureaux, ABLE and Welfare Rights Team, but if this is not achievable that

the Welfare Rights Team service be market tested,

27. That the Council continues to fund Citizens Advice Bureaux at least at existing levels whilst the option of partnership working with ABLE and the Welfare Rights Team are explored in more detail.
28. That suitable parcels of work involving community activity be tendered, such as community surveys or activities along the lines of Planning for Real exercises.
29. That the Race Equality Partnership be asked to consider the transfer of the service to the Community and Voluntary Sector. This can probably be best achieved by commissioning the activity with an individual Infrastructure organisation, or undertaking a market testing exercise.
30. That the Strategic Housing Department places more of a rural focus into the job description of one of its current Housing Officers.
31. That the Herefordshire Council Lifelong Learning Development Unit considers the scope for using the Community and Voluntary Sector to deliver a larger proportion of adult learning activity.
32. That some services be considered for market testing either for provision by the Community and Voluntary Sector or to be retained in-house. These are:
 - Work that involves going out into the community.
 - Parish plans consultation.
 - Community Development Co-ordinator.

Recommendations of the Review of Herefordshire Council Support to the Community and Voluntary Sector as set out in Part 8 of the Report giving the Review Team's views on action the Council might take in relation to the funding challenges in setting its 2005/2006 and future budgets

The Council could conclude that the CVS also needs to face some reduced funding. If this were to be the case the Review Team strongly recommends that this should not be done arbitrarily with, for example, an across the board reduction. To do so could risk the financial collapse of at least one key organisation.

If funding is reduced the Review Team recommends that this be done in stages, as follows.

- a) Suspension of the Voluntary Sector Grants scheme. This would achieve a saving of up to approximately £160,000 per annum. In theory this would have the least impact on the CVS, as grant funding was always intended to be one-off support for new projects. We stress the words "in theory", as the review showed many organisations have become overly reliant on this funding. However Age Concern receives funding of around £29,000 per annum from the Voluntary Grants scheme. The Review Team did not specifically look at this support as Age Concern is not an infrastructure organisation nor does it have an SLA with the Council. It was therefore outside the terms of reference of the review. A number of references were made to us about the apparently disjointed structures of Age Concern in Herefordshire. Support for Age Concern needs to be separately examined.
- b) We have already recommended the withdrawal of CVALD funding of approximately £10,000 per annum. This should be retained until a Herefordshire wide Voluntary Action body is established and a new SLA agreed using the funding currently allocated for HVA and CVALD. It should be possible to agree an overall modest reduction, by negotiating with a whole County Voluntary Action body, as there ought to be some economies of scale.
- c) Community First costs are thought to be excessive and a reduced level of funding should be offered for the same level of service in relation to project activity. Community First should agree to cost reductions or a reduction in core funding support should be implemented. In such an event Community First services should be put out to tender wherever possible.
- d) The Review Team recommends that there be no reductions in funding to the CAB. Indeed there is Review Team support for examining the scope for increasing CAB funding in the short-term. This position should be reviewed as part of an exercise to examine partnership working with CAB, ABLE and Welfare Rights.
- e) The Welfare Rights Team has not provided evidence of value for money from their service, and it is recommended this service be

market tested if partnership working with CAB, ABLE and Welfare Rights is not successful.

- f) The Review Team recommends that there be no short-term reductions in funding to HVA but that this position be reviewed as part of the intention to support a single Countywide Voluntary Action body.
- g) The Review Team recommends that there be no reduction in funding to HCVYS. This body has demonstrated it offers value for money.
- h) The Review Team recommends that there be no reduction in funding to HALC, on the limited evidence we have that it offers a good service. The Review team stresses that this recommendation is conditional on HALC meeting the terms of its SLA. The Council should consider removal of funding if HALC fails to comply fully with its SLA.
- i) The Review Team recommends that there be no change to the SLA with ALLIANCE. This 5-year SLA has only been in existence since the 1st April 2004, and it is inappropriate to alter an agreement so soon after signing.

