

**TITLE OF REPORT: REVIEW OF NHDC MEMORANDUM OF UNDERSTANDINGS
(ANNUAL GRANT AWARDS)**

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE
EXECUTIVE MEMBERS: COUNCILLORS TONY HUNTER AND JULIAN CUNNINGHAM

1. SUMMARY

- 1.1 To provide Cabinet with feedback and proposals in regard to the recommendations arising from the review of the Authority's Grant Policy Report in June of this year.
- 1.2 As funding pressures are existing and continuing the Council will need to review all areas of spend particularly discretionary spend, and to meet latest requirements, including contractual, financial, equality, and transparency regulations.

2. RECOMMENDATIONS

That Cabinet:

- 2.1 Discuss, comment and agree the proposed changes to the existing arrangements as detailed in this report regarding the Council's annual Memorandum of Understandings (Annual Grant Awards) with partner organisations delivering districtwide services on the Authority's behalf.
- 2.2 Note that there will be further work required of officers during 2016/17 to formalise commissioning of services undertaken by North Herts Citizen's Advice, North Herts Centre for Voluntary Services and the North Herts Minority Ethnic Forum.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The recommendations proposed are as informed by the Cabinet recommendations made as part of the review on the Grants Policy and financial assistance to community groups & organisation on 14th June of this year.

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4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The review of the MoUs has included considerations such as, the authority making no annual grant awards at all. This has been discounted at this stage, but consideration of the amount of budget assigned to grants will remain subject to review at corporate business planning.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The proposals within these review papers have been discussed with the relevant Memorandum of Understanding review officers, with the relevant Executive Members with representative voluntary/community and support organisations.

6. FORWARD PLAN

- 6.1 The report contains recommendations on key decisions that were first notified to the public on the Forward Plan on 17 October 2016.

7. BACKGROUND

- 7.1 Cabinet on 14th June as part of the Grants Policy Review made the following resolutions with regard to the following MoU arrangements:-

- (4) That, from financial year 2017, it be agreed that the North Herts Citizens Advice Bureau and North Herts Centre for Voluntary Service receive a commitment to three yearly funding, at the present rate, under contract;*
- (5) That it be agreed that Sport North Herts and Stevenage and North Herts Women's Resource Centre funding be reviewed in late 2016 to measure any benefit or impact of public health or other budget changes, and that following review the decision be taken by the Head of Policy and Community Services, in discussion with the Executive Member for Community Engagement and Rural Affairs, for grants to continue, reduce or cease funding from 2017;*
- (6) That, from financial year 2017, grant funding for the North Herts Arts Council and British Schools Museum Hitchin be ceased, with any future funding commitment made by NHDC Museum and Cultural Services, following further review by that service;*
- (7) That, subject to Resolution (9) below, from financial year 2017, annual grant funding under the Major Memorandum of Understanding (MoU) to RELATE and the North Herts Minority Ethnic Forum be ceased;*
- (8) That Cabinet receive an annual update from the Executive Member for Community Engagement and Rural Affairs on the benefits and impact the Council's investment in three yearly contracts with the voluntary/community sector delivered for the district; and*
- (9) That the approach to the provision of funding and commissioning of services from RELATE and the North Herts Minority Ethnic Forum, for implementation from 2017 onwards, be reviewed;*

8. ISSUES

- 8.1 Following the half yearly reviews undertaken by officers with the major MoU recipient bodies and with resolutions (4) & (9) above in mind, it is proposed that;

Citizens Advice North Herts, North Herts Centre for Voluntary Service and the North Herts Minority Ethnic Forum annual awards move to formal commissioning arrangements with Authority for three consecutive years as from 2017/18.

- 8.2 This process will form a separate more detailed procurement procedure which officers will undertake lining up with the start of the new financial year.

Funding arrangements and levels will remain the same per annum for three consecutive years from April 2017 and ending 31st March 2020.

Citizens Advice North Herts	£145k
North Herts Centre for Voluntary Service	£20k
North Herts Minority Ethnic Forum	£10.5k

- 8.3 All three major partner organisations have been advised that it is likely that the level of funding the Authority will be able to administer to each group from April 2020 will be significantly reduced or ceased at the end of the 3 year term, as part of the Authority's Corporate Business Planning process and the continuing pressures on revenue expenditure.

An update on the commissioning process for these groups will form part of a separate report to Cabinet in the New Year.

- 8.4 Following the half yearly review of the remaining MoU recipient groups, it is proposed that their annual funding arrangements from April 2017 are proportionately reduced over a 3 year term and subsequently cease at the end of March 2020.

Current level of awards 2016/17

Sports North Herts	£5,900
Herts Women's Resource Centre	£1,400
Relate	<u>£4,700</u>
	£12,000

Future annual awards 2017/18

	2017/18	2018/19	2019/20
Sports North Herts	£4,425	£2,950	£1,475
Herts Women's Resource Centre	£1,050	£700	£350
Relate	<u>£3,525</u>	<u>£2,350</u>	<u>£1,175</u>
	£9,000	£6,000	£3,000

9. LEGAL IMPLICATIONS

- 9.1 The terms of reference for Cabinet include at paragraph 5.6.1 "To prepare and agree to implement policies and strategies other than those reserved to Council". Once the policy/strategy is agreed, responsibility for grants to external organisations is delegated to the Strategic Director Finance Policy and Governance in accordance with paragraph 14.6.7(b)(i)M1 of the Council's Constitution.
- 9.2 Section 1 of the Localism Act 2011 provides a General Power of Competence which gives local authorities the power to do anything that individuals generally may do for the benefit of the authority, its area or persons resident in its area, with the exception of powers which are afforded by implementation of, or compliance with, alternative legislation.
- 9.3 The procurement requirements and contractual documentation required to support the commissioning-based proposal will need to be considered if Cabinet approves the proposed approach. It is also recommended to review the Memorandum of Understanding documentation as part of this process, to ensure the Council's interests are protected and its expectations are met.

10. FINANCIAL IMPLICATIONS

- 10.1 NHDC's Budget Policy determines that the authority will not invest in schemes which have been, are, or would generally be provided by another statutory authority or by an authority which is precepting i.e. a town, community or parish council.
- 10.2 Reduction in funding to a number of the MoU awards as detailed in 8.4 above will release £3k revenue per annum through to 2020. It is proposed that these funds will be put up as additional revenue saving in each year for 3 consecutive years from 2017/18 as part of the corporate business planning process.
- 10.3 The above saving is in addition to the proposed MoU savings of £20k presented to Members at the recent round of Budget Workshops Sessions, which directly relates to the resolution made by Cabinet on 14 June 2016 detailed above in 7.1 (6).

11. RISK IMPLICATIONS

- 11.1 The Council could face the risk of being challenged in regard to its award making decisions were it to continue to award differing amounts, to similar organisations, without the consideration of moving to more formal contractual arrangements with groups / organisations which directly deliver services on behalf of the Authority.
- 11.2 There are also risks which apply were the Council not to fully monitor expenditure on such awards, therefore any future monitoring should be commensurate to the level of funding awarded.

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 The review has taken into account equalities obligations, and seeks to establish a more sound evidence base, on which annual funding will be awarded. The intention is also to focus expenditure more on areas of greater need in the district, including addressing rising demands in regard to housing, homelessness and debt advice from a number of our communities. Retaining a greater focus on key areas of need should also ensure that a reduced budget can be used as effectively as possible, especially given the risks of further cuts to local government funding in the future.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 The proposals made within this report and amended policy document can be delivered within existing officer resource.

15. APPENDICES

- 15.1 None.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 Overview and Scrutiny Task and Finish Review of the Councils grants and financial assistance 2013.
- 17.2 SIAS Audit report on effectiveness of Area Committee Grants 2014.
- 17.3 Review of Policies and Procedures for Financial Assistance to Voluntary and Community Organisations, November 2002.
- 17.4 Review of The Council's Grants Policy: Report to Cabinet – 14 June 2016.