

AUGUST 2010



Voluntary sector funding in Westminster

**Developing and sustaining the voluntary and
community sector in uncertain times**

A consultation on improving the way that the council and
NHS Westminster fund the voluntary and community sector.

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Albanian

Nëse e doni këtë dokument të përkthyer në gjuhën tuaj amtare, ju lutemi të na shkruani në adresën e mëposhtme.

Arabic

إذا رغبت بترجمة هذه الوثيقة إلى لغتك الأم الرجاء الكتابة إلى العنوان التالي.

Bengali

এই ডকুমেন্টটি যদি আপনার নিজের / প্রথম ভাষায় পেতে চান, তবে অনুগ্রহ করে নীচের ঠিকানায় লিখুন।

Kurdish Sorani

ئەگەر دەتەوێ ئەم بەلگەت بۆ وەرگێڕینەوه سەر زمانى داىكى خۆت، تەكايە داواكارىبەكەت بێرە بۆ ئەو ناوئیشانەى خوارەوه.

Portuguese

Se quiser que este documento seja traduzido para a sua língua materna por favor escreva para o endereço abaixo indicado.

Spanish

Si usted quisiera que este documento se traduzca a su primer idioma, por favor escriba a la dirección que figura más abajo.

Westminster City Council, Communications Unit, 17th Floor, Westminster City Hall, Victoria Street, London, SW1E 6QP

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Foreword



Mike More,
Chief Executive,
Westminster
City Council

In times of economic uncertainty the role of the voluntary and community sector becomes even more important as people turn to their services for help. And the sector is at the heart of the new coalition government's Building the Big Society ambition to have strong and vibrant neighbourhoods and communities.



Michael Scott,
Chief Executive,
NHS Westminster

At the moment we are not funding the sector in a way which is optimal for the parties involved. So Westminster City Council and NHS Westminster, in partnership with voluntary sector representatives, have looked at how we can do things to better support the sector in the future. In this document we have outlined a number of different options for you to consider.

We need to get it right – voluntary organisations provide a vast array of services to Westminster residents and everybody's lives are touched by voluntary sector services in some way. The sector directly employs 3,650 people, and volunteers in Westminster give up a staggering 14,000 hours of their time to voluntary sector organisations.

We encourage all voluntary organisations in Westminster and others with an interest in the state of the voluntary sector to respond to this consultation. We will make announcements on the new arrangements in December 2010.



Jackie Rosenberg,
Chair, Westminster
Community Network

The council, NHS Westminster and representatives from the voluntary and community sector are reviewing how the voluntary sector in Westminster can best be funded in the future.

At this time of financial uncertainty, with so much talk about cuts in the public sector, it is more important than ever that funding to the voluntary and community sector is maintained in a fair and transparent manner.

Your feedback will help us to create a new funding strategy, which will be clear and easy to understand. We want a system which will make sense to all organisations, large or small – where you can apply for small grants using simple application processes and where you can be clear if funding that is available is for a grant or a contract.

We have now produced this consultation document which we hope answers these points. However, we know that we do not have all the answers and may have missed key issues that might be important to you.

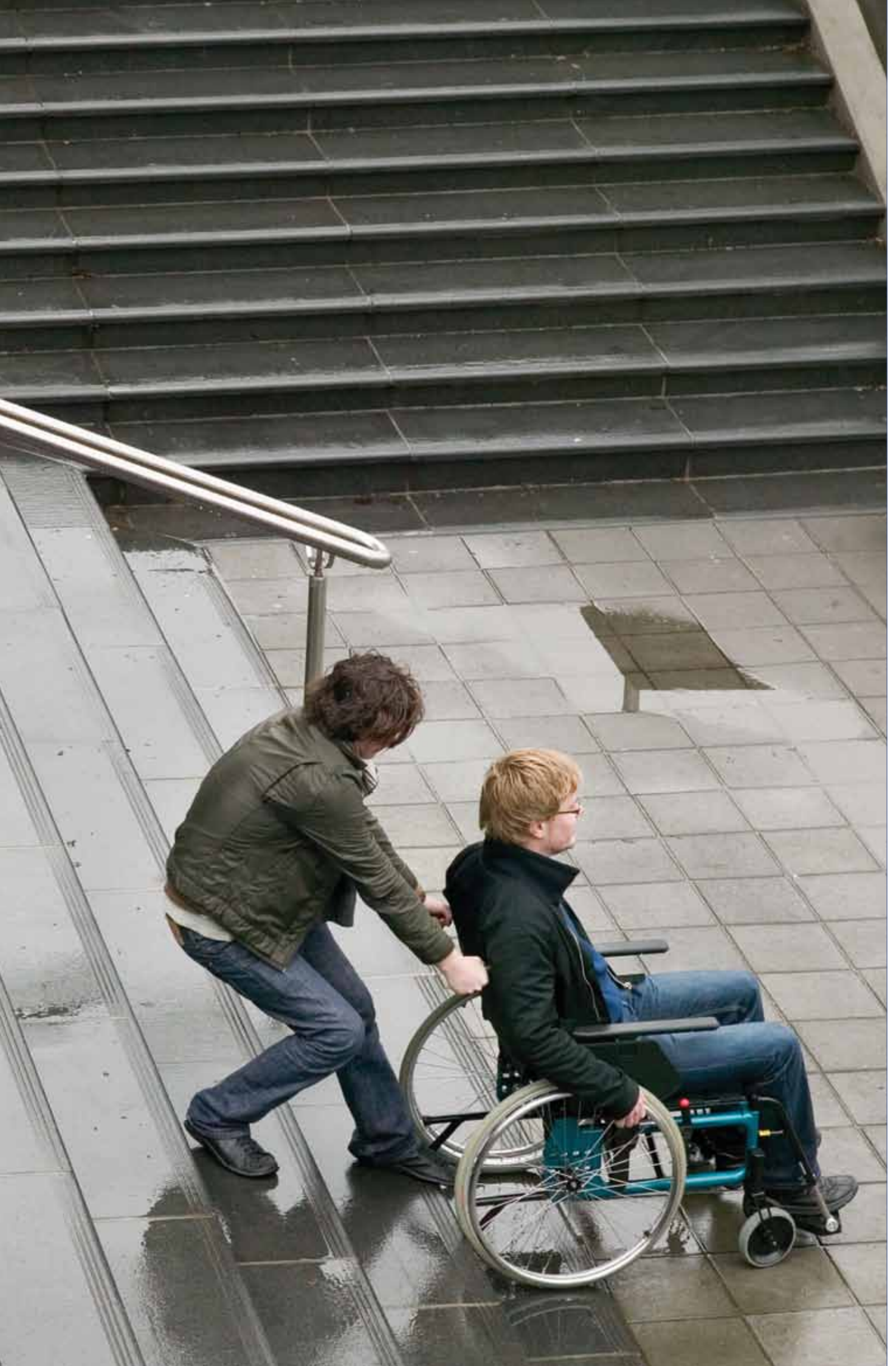
So please take the time to read through this document and get back to us with your thoughts and suggestions so we can reach a conclusion that meets the needs of our sector.



Shelagh Prosser,
Chair, Westminster
Equalities Partnership

The voluntary and community sector provides services to some of Westminster's most vulnerable and marginalised residents. We understand that it is important to ensure that any changes to funding processes in Westminster do not disproportionately disadvantage different sectors of its diverse population.

Westminster Equalities Partnership has worked with the council, NHS Westminster and voluntary and community sector partners to ensure that considerations of equality and inclusion are at the heart of the review. We welcome further exploration of these issues throughout the consultation.



1. Introduction

Westminster City Council and NHS Westminster are working with voluntary and community sector representatives to review the way funds are provided to the voluntary sector.

Both the council and NHS Westminster now take a commissioning approach to most funding. Commissioning involves an assessment of need, designing services to meet that need, procuring a provider to deliver the service and then monitoring and evaluating the service to make sure it is meeting its objectives. The voluntary sector has a role in all aspects of the process, particularly in helping to identify needs and as a provider of services.

However, some services that should be funded through a commissioning approach are still funded by grants. Grants can be the most appropriate way to fund some services and activities. However, grants are a less secure form of funding and can be a less efficient way to fund the services that are needed for the community. We want to get the balance between grants and commissioning right.

By getting the balance right we will develop a stronger and more sustainable relationship in the future, better able to withstand the pressures created by limited resources.

Section 2 of this document provides a brief background of the relationship between the voluntary sector and government, both nationally and locally.

Section 3 outlines the benefits of the sector and provides interesting facts about the value of the sector in Westminster.

Section 4 describes the different ways in which we currently fund the voluntary sector and why we need to change the way we do things.

In section 5 we present three different ways in which funding may flow to the sector in the future. We also ask for your views on how the council and NHS can support the development of the sector as a whole and outline plans to help groups find the space they need to undertake their activities.

This consultation is your opportunity to feed back your views and tell us what impact the different options we are presenting may have on your organisation and the communities you serve.

The consultation closes on Friday 22nd October 2010. Details on how to respond are included on the feedback form at the end of this document.



2. The Compact between the public and voluntary sector

Central government has long recognised the value of the voluntary and community sector (VCS). In 2007/08 there were around 171,000 voluntary sector organisations across the UK with an estimated total annual income of £35.5 bn¹.

Launched in 1998 and refreshed in 2009, the Compact set out shared principles and guidelines for effective partnership working between the government and the voluntary sector in England². Led by the Cabinet Office, best practice in partnership working was rolled out across the country.

Following the national lead, Westminster launched its own Compact agreement in 2004 to foster effective and sustainable relationships between the statutory and voluntary sectors in the city³.

The partners to the Compact – Westminster City Council, NHS Westminster, NHS Trusts and Westminster's voluntary and community sector – are taking action to facilitate better consultation, participation and engagement between each other and encourage volunteering. They aim to develop and sustain the voluntary sector by creating an environment where groups can more easily find space to undertake their activities, participate in the commissioning cycle and have greater certainty in funding.

The aim of this review is to address the commitments in the Westminster Compact to clarify and improve the funding relationship between the sectors. A number of task groups are addressing the other commitments in the Compact, for example the Involving People Strategy and the Volunteering Strategy (available at www.westminster.gov.uk/voluntaryreview and www.westminster.nhs.uk).

¹ Office of National Statistics, Measuring Outcomes for Public Service Users, June 2010

² The national compact can be viewed online at www.thecompact.org.uk

³ The Westminster Compact can be viewed online at www.westminster.gov.uk/voluntaryreview

The new coalition government has also signalled loud and clear that it recognises the value and positive role that the voluntary sector has in society. The voluntary and community sector is at the heart of the government's Building the Big Society ambition to have strong and vibrant neighbourhoods and communities⁴.

The new government has made commitments to:

- implement a range of measures to encourage volunteering and involvement in social action
- support the creation and expansion of mutuals, co-operatives, charities and social enterprises, and support these groups to have much greater involvement in the running of public services
- use funds from dormant bank accounts to establish a Big Society Bank, which will provide new finance for neighbourhood groups, charities, social enterprises and other non-governmental bodies.

Fair Society, Healthy Lives, the report of the Marmot Review 2010, also makes specific reference to the important role of the voluntary sector in engaging local communities, supporting individual and collective capacity building and developing civic participation. The report recommends that sustainable funding needs to be addressed as part of the Compact.

Both nationally⁵ and locally⁶ the voluntary sector has highlighted the particular risks for the sector arising from the recession, as well as reductions in public spending which, as indicated above, forms a substantial part of VCS income.

This review aims to develop a stronger and more sustainable relationship in the future, better able to withstand the pressures created by limited resources.

Following this review of funding to the voluntary sector, and when we know more about the new government's commitments, we will develop a new Westminster Compact in early 2011.

⁴ You can read more about the Building the Big Society ambition on the Cabinet Office website at www.cabinetoffice.gov.uk/newsroom/news_releases/2010/100518-news-big-society-launch.aspx

⁵ The State and the Voluntary Sector, NCVO, 2009

⁶ The Recession Yet to Come, Planning for Resilience in the Voluntary and Community Sector in Westminster, VAW, 2009



3. The importance of the voluntary and community sector in Westminster

The benefits of a thriving voluntary sector

The voluntary and community sector has an immense reach into communities. This has benefits in terms of community cohesion and social inclusion, and also means the sector has a good insight into community needs. The general benefits of the sector are broadly recognised, and include:

- a strong focus on the needs of service users
- knowledge and expertise to meet complex personal needs and tackle difficult social issues
- the capacity to build users' trust and increase trust within and across communities
- the experience and independence to innovate
- involving local people to build community ownership
- building the skills and experience of volunteers⁷.

The voluntary sector has a valuable role in the commissioning process due to the sector's understanding of the needs of service users and communities and their closeness to them⁸. The sector can provide valuable insights that may not be known to the council or the NHS.

⁷ Exploring the role of the third sector in public service delivery and reform: a discussion document, HM Treasury, 2004, and Improving financial relationships with the third sector: guidance to funders and purchasers, Cabinet Office.

⁸ Successful commissioning: How to secure value for money through better financial relationships with third sector organisations, NAO, March 2010

The sector also has a valuable role as a provider of services. Voluntary and community organisations are driven by a desire to meet the needs of their service users and are not as incentivised to reduce quality to minimise operating costs. They have greater flexibility to change the services they provide and to join up with other providers due to fewer structural constraints. They are also trusted by service users, which can mean that more people take up the services on offer.

In order to thrive, the sector needs a mix of funding sources and support and development. A small investment in, for example, volunteer training and management or support for carers enables a whole network of activities to be sustained and reduces the need for statutory services by harnessing community endeavour.

The voluntary sector in Westminster

Voluntary Action Westminster surveyed VCS organisations this spring, with a response of 270 out of 750 local organisations delivering locally, spread across different types of organisation⁹. The survey was a representative sample of approximately one third of local groups and can be used to give an estimate of the full values (indicated in brackets).

The survey results provide the following figures:

- the majority of organisations have less than £10,000 income
- total income of organisations surveyed was £68.5m (£205m)
- organisations range from small community groups to large multi-purpose community organisations – those with a turnover of £50,000 – 200,000 were over-represented in the survey
- in 2009/10 there were an estimated 225,868 (678,000) contacts with services provided by the voluntary sector in Westminster, a considerable increase from the previous study
- for organisations funded by a council grant, the grant represented 4% of turnover or £2.44 million, with 37.5% coming from other grants or trusts; 29.6% from trading and 7.7% from donations.

⁹ A further 100 national and international organisations based in Westminster responded but were taken out of the analysis in order to focus on the benefit to Westminster.

Larger organisations are important providers of user-focused services for older, disabled and homeless people. Bringing communities together is an important contribution of the voluntary sector. Events like SouthWestFest, and a range of small community events and youth activities give local people the chance to meet their neighbours and make new friends.

The economic value of the VCS

In 2004, the sector nationally contributed at least £7 billion to the UK economy (£25 billion if volunteering hours are included). This represented a massive increase of over 250% since 1991¹¹. Hence, the value of the sector is likely to be much larger today.

In Westminster the 2010 Voluntary Action Westminster survey of voluntary organisations showed:

- a turnover of £204 million
- staff employed: 2,831 full time staff, 857 part time staff and 1,296 trustees
- volunteers: 8,554 volunteers working 14,082 hours per year – at an estimated value of £321,069 (based on the London living wage of £7.60 per hour).

The voluntary sector also has an enormous reach, with a relatively small amount of funding improving the lives of a large number of people. For example, the Westminster Small Grants Round 2009/10 enabled 39 organisations to carry out 38 different initiatives that contributed to the Local Area Agreement priorities. As a whole they delivered 519 events that have benefited around 4,400 people from different socio-economic and ethnic and faith backgrounds. These initiatives have also indirectly benefited approximately 20,000 residents within Westminster including parents, families, teachers, peers and the neighbouring community¹².

What extra money is brought into the city?

The voluntary sector brings in additional money from a variety of sources. Nationally, only a quarter of voluntary sector organisations actually receive funding from government sources. The sector has been successful in receiving grants from central government, the corporate sector, the Big Lottery Fund, national umbrella organisations, as well as earning a sizeable amount from trading, investments and donations.

In Westminster, around 4%¹³ of income is provided by the council and NHS Westminster. Nationally, this figure is a little higher with around one third of voluntary sector income coming from government, and half of this from local government¹⁴.

For example, in 2009 the charity Kairos in Soho generated an extra £79,660 on top of council and NHS Westminster funding of £51,990. They received grants from London Councils (£30,000), the City Parochial Foundation (£26,250), the Big Lottery Fund Awards for All (£9,999) and Lloyds TSB (£9,841).

¹¹ Exploring the role of the third sector in public service delivery and reform: a discussion document, HM Treasury, 2004, p8

¹² VAW, Evaluation of Westminster Small Grants 2009/10

¹³ VAW survey figures on percentage of income from the council and NHS Westminster

¹⁴ Office of National Statistics, Measuring Outcomes for Public Sector Users, June 2010

Case studies

Information and advice – the Disabled Living Foundation (DLF)

The DLF was established in 1970 to meet a significant gap in the provision of information for both people who have mobility needs and the agencies supporting them. Its information cascades out to hundreds of thousands of people through its website and publications. The DLF has been based on Harrow Road since 1986.

Taken from Voluntary Action Westminster – Adding Value, Changing Lives, 2008

Housing and homelessness – Cardinal Hume Centre

The Cardinal Hume Centre is at the sharp edge of current social issues – homelessness, drug and alcohol misuse, refugees and those seeking asylum. It has six projects.

These provide:

- a 32-bed hostel for young homeless people
- an eight bed house for people recovering from substance misuse
- education and training for homeless people, refugees and migrants
- a GP surgery for those who are homeless and roofless
- a drop-in centre for homeless young people
- a family centre for families with children under four living in temporary, insecure or inappropriate accommodation offering a range of activities such as a play area, mutual support groups and English language classes.

Taken from Voluntary Action Westminster – Adding Value, Changing Lives, 2008

Training and resources – london print studio

london print studio provides training and resources for printing and graphic design, as well as regular exhibitions and family events in its gallery. It is based in the Harrow Road ward and a minimum of 20% of its visitors or project participants are from the immediate area. The council provides annual funding of £19,000. In 2008/09 this levered in a further £194,000 from Arts Council England, and £24,500 in other grants. In addition the gallery earned income of £129,000 through workshop and course fees, and print sales in 2008/09.

Provided by Westminster Libraries and Culture Service



4. What happens now – how council and NHS funding reaches the voluntary and community sector (and why we're reviewing it)

Background

In 2009/10 Westminster City Council and NHS Westminster spent just over £70 million on grants and contracted services with the voluntary sector with £67.6 million or 96% spent by the council (some of it on behalf of NHS Westminster through joint commissioning).

This reflects a rise of 22% from the 2007/08 spend, of which the bulk is due to an increase in contract based commissioning, especially in substance misuse services (up by £3 million) and housing and homelessness (up by £1.5 million). Of the £70 million spent, around £64.9 million or 92% was spent on contracted services, with the remaining £5.5 million on grants.

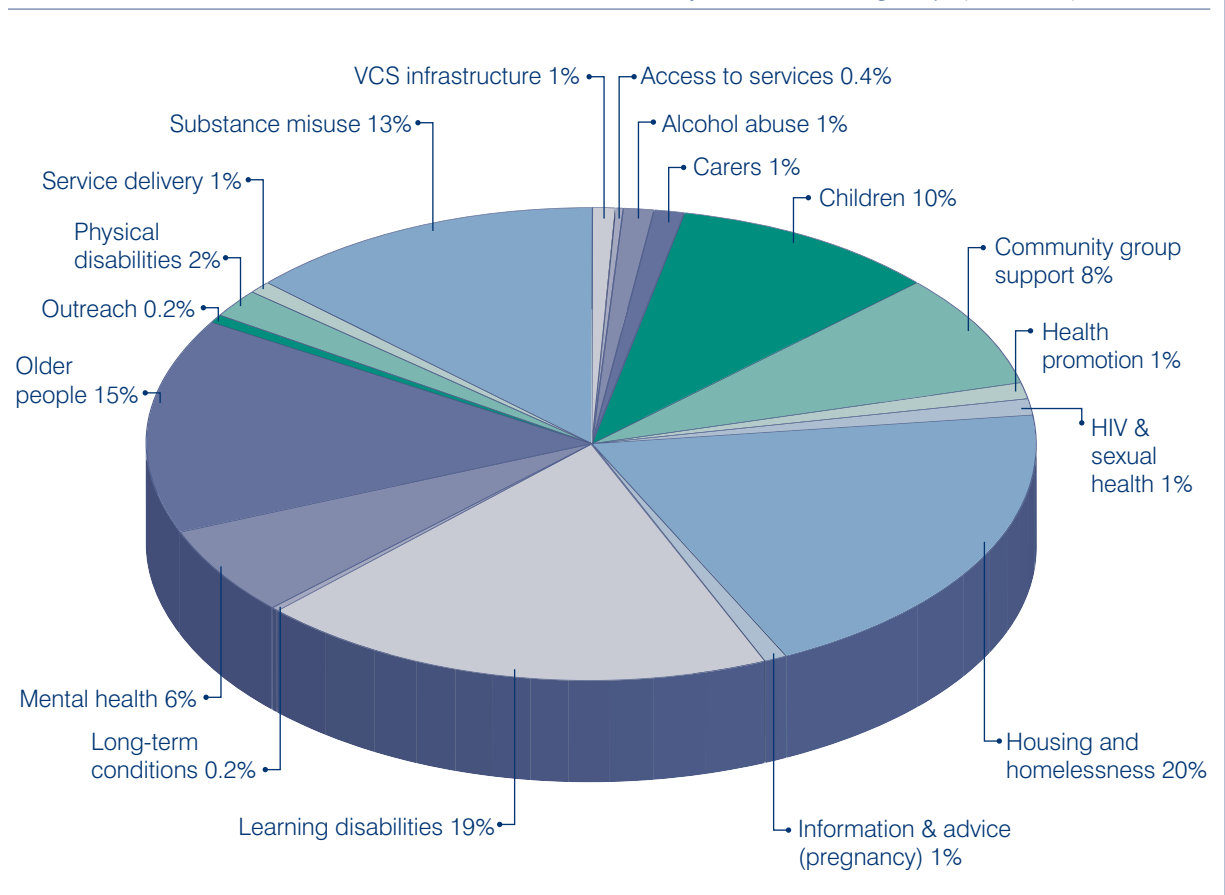
Commissioning/contracting

In 2009/10 the value of contracts to the voluntary sector amounted to almost £65 million, an increase of around 24% since 2007/08. £27 million represents contracts with Registered Social Landlords (housing associations). Taking these contracts out of the picture the remaining £38 million was spent on services to different service user groups, as shown in the chart overleaf. The biggest service areas are homelessness and learning disabilities. The biggest areas of growth are in supporting people suffering from alcohol or drug abuse and services for people with physical disabilities.

VCS infrastructure support relates primarily to the commissioning of the Community Network with additional community development work, support for the equalities partnership and a range of initiatives to develop and promote volunteering in various arenas.

Community group support relates to a number of locality or community based centres and organisations including the British Arab Resource Centre, the Chinese Community Centre, Marylebone Bangladeshi Society and the Westminster Refugee Consortium.

Council and NHS Westminster combined contracts by service user group (2009/10)



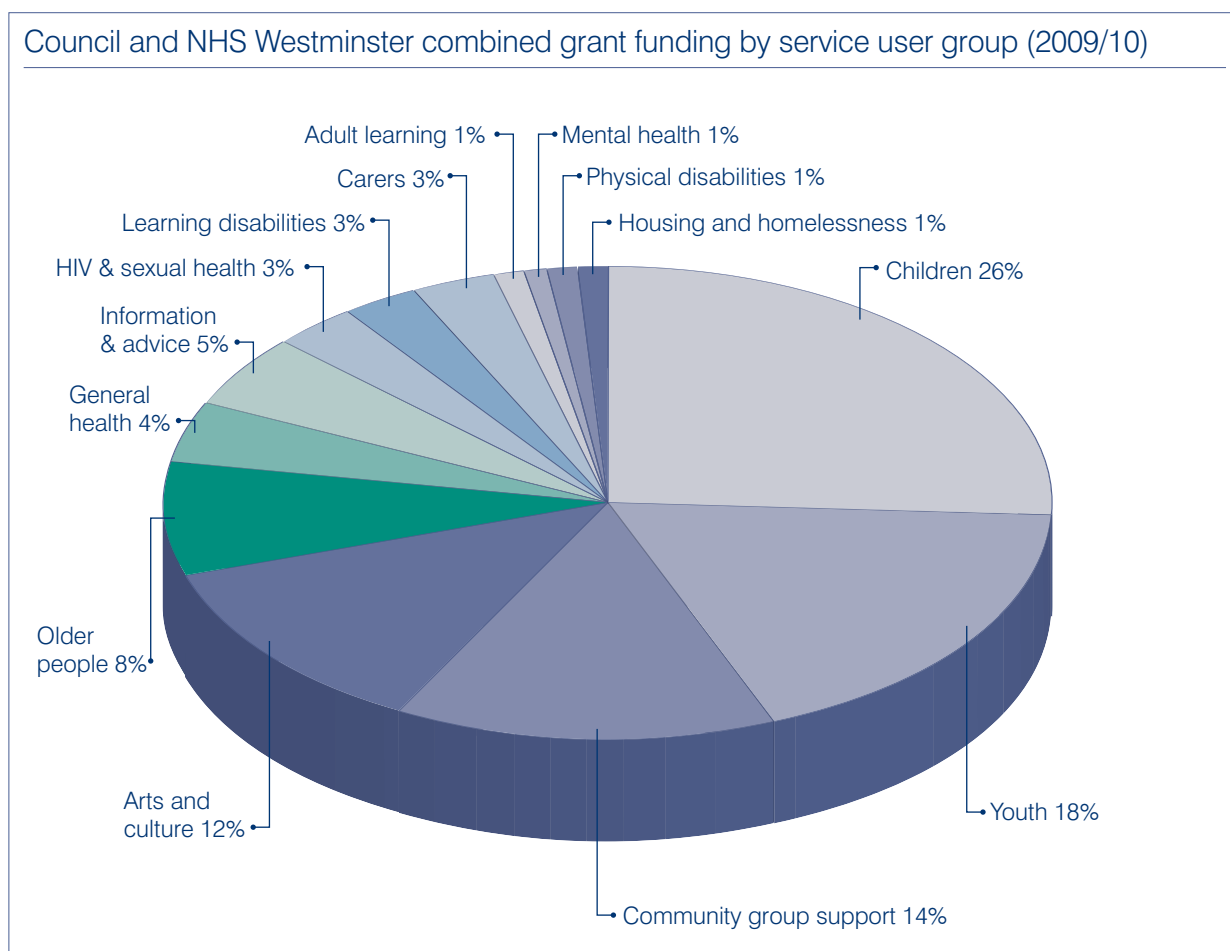
Grants

Each year VCS organisations have been invited to apply for grant funding from the council, and latterly NHS Westminster, against broad criteria. Detailed applications are prepared and amended before grants are agreed.

Total annual revenue grant allocations in 2009/10 were just under £5.5 million with 83% provided by the council and 17% by NHS Westminster. This marks a considerable shift since 2007/08 when almost all annual revenue grant money came from the council. Total grants have increased by 6% since 2007/08.

About 44% of grant funding is allocated to children and young people and 94% of this funding comes from the council. Over 60% of the money spent on grants by NHS Westminster is spent on health promotion activities. All NHS Westminster grant money is specifically and deliberately targeted towards the reduction of health inequalities in the city.

The distribution of grant funding by service user group is shown below.



NB Rounding up of numbers in some of the tables means that items within columns do not always add up to the total amount.

Infrastructure

Infrastructure services for the voluntary and community sector are funded through a mixture of contracts and grants. £410,000 or 0.05% of contracts shown on the previous page is spent on infrastructure. However, definitions may vary across the council and NHS Westminster and some funding labelled as service user group may contribute towards infrastructure costs.

Passported funds

Over the last few years there have been a number of specific grants channelled from central government through local authorities for particular purposes. These are called passported funds. Some of these have come with detailed prescriptions as to how the money should be spent and on what type and size of contract or grant. In other cases a pot of funding is available and there has been more flexibility for the local authority or the NHS to define what is required locally.

Examples of passported funds include the Local Area Agreement and the Children's Fund. Over the past few years a considerable amount of these funds have funded the voluntary and community sector. However, in the new financial climate this approach to funding is likely to diminish.

Premises

At present many organisations receive funding from either central or local government to contribute to the cost of premises. This can be through:

- rate relief
- S106 funding (community benefit from building developments)
- grant funding to cover the rental costs.

In 2009/10 184 applications were granted rate relief that amounted to £475,000.

Rate relief – Section 47(2), Local Government Finance Act 1988 allows an authority the discretion to grant relief if one or more of the following applies:

- a) the ratepayer is a charity or trustee for a charity, and the hereditament (premises) is wholly or mainly used for charitable purposes
- b) the hereditament is occupied by a non-profit making organisation whose main objectives are charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts
- c) the hereditament is wholly or mainly used for recreational purposes and is occupied by a club, society or organisation not established or conducted for profit.

Delegated authority allows the Director of Finance to grant discretionary relief but only where mandatory relief has already been granted and only to 'local organisations exclusively serving the needs of Westminster citizens'. Those applicants who are seeking 100% discretionary relief must always apply to the Rating Advisory Panel.

Section 106 Grants – through a Section 106 (s106) Legal Agreement the council can secure contributions from developers to address the impacts of their development. Some of this money also flows to the voluntary sector.

In 2001 the council set up the Paddington Social and Community Fund Account from s106 contributions and invited applications for projects with social and community benefit and that would serve the new developments in Paddington. In 2001, 18 projects were funded to the value of £884,190 and in 2003/04 19 projects were funded to the value of £1,617,717.

In addition, in 2003/04 a Community Chest was set up for applications up to £6,000. Fifty eight projects were funded to a value of £325,000. The council is currently reviewing the process for the allocation of funds from this account.

Grant funding for rental costs – historically some organisations have been funded for the cost of renting accommodation or have obtained some subsidy or reduced rental cost for the use of council or NHS facilities. However the majority of organisations have to pay full cost for space used. Under the commissioning approach the full cost of accommodation is included in the price for the service, to ensure a fair market.

Information technology

The council reuses its redundant computers by donating them to voluntary groups. They are security checked and cleaned of data before being loaded with software and offered for reuse to eligible volunteer groups or individuals under the Community Computers scheme¹⁵.

The scheme reached its target ahead of schedule and successfully distributed 250 computers to 49 charities and 10 individuals between May 2009 and January 2010. If the computers are valued at £100 each, we estimate a value of £25,000 was donated to the VCS for this period.

Training

As well as funding capacity building and training through infrastructure organisations, the council and NHS Westminster make training opportunities available to the VCS. This includes offering places on courses developed for staff, facilitating access to government grants for workforce development and by making available training resources (eg e-learning packages and materials).

In 2009/10 this included courses such as Capacity and Consent, Common Assessment Framework and Enabling Mental Health Users, which were attended by 184 participants at an estimated cost of £14,000. In 2009/10 Westminster accessed Sector Skill Council funding for VCS workforce development. £20,000 was made available specifically for children's workforce development programmes with projects focusing on child protection and safer recruitment, and approximately £10,000 for VCS adults' workforce development focusing on compulsory induction and qualification requirements.

Westminster Fund

The Westminster Fund was launched in June 2009 by a private company, Land Securities, with the support of the council. It is an endowment fund, which generates interest over several years on an initial capital investment. The interest (and not the capital) will then be given in grants to groups to deliver activities in education and skills, housing and homelessness, and getting young people into employment, education or training.

¹⁵ Email communitycomputers@westminster.gov.uk for more details.

Ward budgets

Ward budgets provide councillors with a dedicated and flexible resource to address specific local issues and priorities. Ward members can commission new or additional projects, services and facilities. Over the past two years nearly a quarter of the funding available, £748,206, was provided to the voluntary and community sector to deliver activities in local communities.

Why we need to change the current funding process

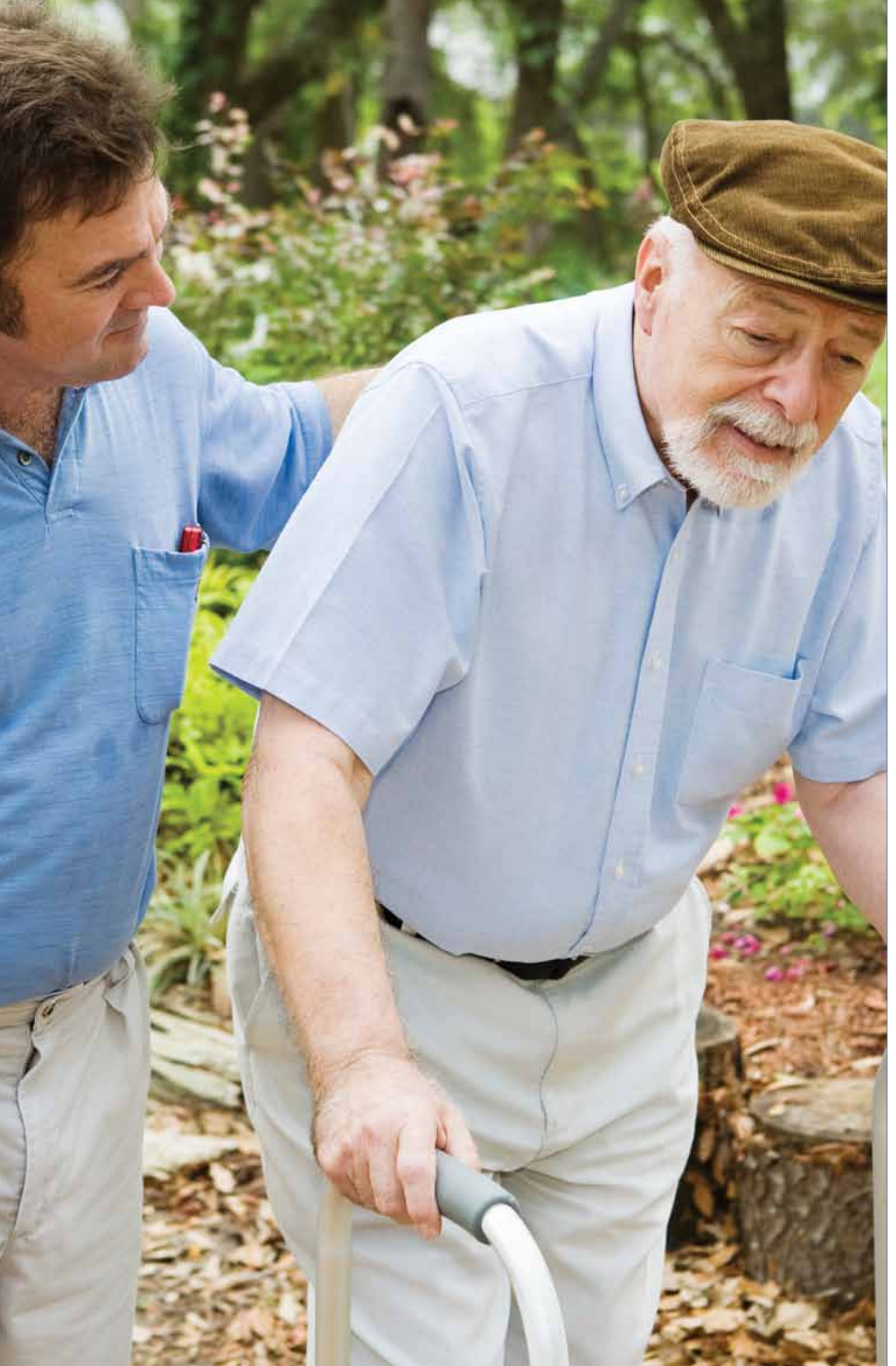
The current approaches are fragmented and require more strategic coordination. The statutory sector is funding core services, such as nursery provision for the under fives, through grants which should be commissioned to ensure resources are targeted effectively.

Funding services through a commissioning approach has a number of benefits including greater security of funding (grant funding can more easily be withdrawn) and contracts have the option of being renewed without an organisation having to apply again. It also enables us to evaluate whether what is being commissioned meets the outcomes we are trying to achieve.

While the feedback from the voluntary sector on the grants application process in recent years has been more positive, we are still aware that the lengthy application form and accompanying documents are time consuming to complete. Feedback shows that people find them overly complex for what are often small amounts of funding.

The criteria for funding, and the process for approving applications, are not always explicit and clear. Not all funding is publicised widely – sometimes invitations only go out to selected groups. While this may be appropriate it can exclude valid competitors and lead to missed opportunities for both service providers and commissioners.

With fewer resources available there is additional impetus for both funders and providers to make best use of the funding available.



5. Consultation options for how we can improve the way funding is provided to the voluntary and community sector

This section sets out a number of shared principles and outlines three proposals for funding the sector in the future. We also ask for your views on how we can support the development of the sector as a whole and outline how we intend to help groups find the space they need to undertake their activities.

5.1 Shared principles

Reading the Compact, and based on what we have learnt during the review, we think these are the shared principles to help us improve our funding process. Please use the feedback form at the end of this document to let us know your views on the proposals below.

Openness and clarity	Make sure everyone knows what money is available, the criteria and how to apply.
Proportionality	Keep the process for getting money as simple as possible, particularly for small grants. Keep the requirement for reports as simple as possible, particularly for small grants.
Timeliness	Have reasonable timeframes so that people know what has to be done by when, and ensure they have the time to do it.
Need to know	Make sure the application process only asks for essential information and policies.
Equality and inclusion	Make support available to small and single-focus organisations to ensure that they are not disadvantaged because of their size or scope when applying for funding.
Sustainability	Recognise the need for the voluntary and community sector to have stability.
Collaboration	Involve the voluntary and community sector in all elements of the commissioning process: needs assessment; service development; procurement; monitoring and evaluation.
Accountability	Put a robust monitoring system in place to ensure public money is used well to meet local needs.

1. Do you agree with the shared principles outlined above? Is there anything missing?

Question

Please use the feedback form provided for your response.

5.2 Funding of services delivered by the voluntary and community sector

As you will have seen from the earlier sections, the bulk of statutory funding going to the voluntary and community sector is for the provision of a whole range of services for the communities of Westminster. Some of these services have been developed to respond to national or city-wide priorities and complement the services which the council and NHS Westminster commission from other providers.

Other projects and services have been developed by local communities or organisations to meet their own needs – they may be new and just being tried out, or they may be longstanding and much loved activities. Some of these require regular funding to pay for staff, premises or supplies. Others just need a one off payment for equipment or a short term project. Some get a mixture of funding from the council and other funds such as the Lottery or Help a London Child. Others rely on local donations.

The funding processes described below can apply to all of these types of service but some are more appropriate for different groups and projects. This is what we want to explore with you.

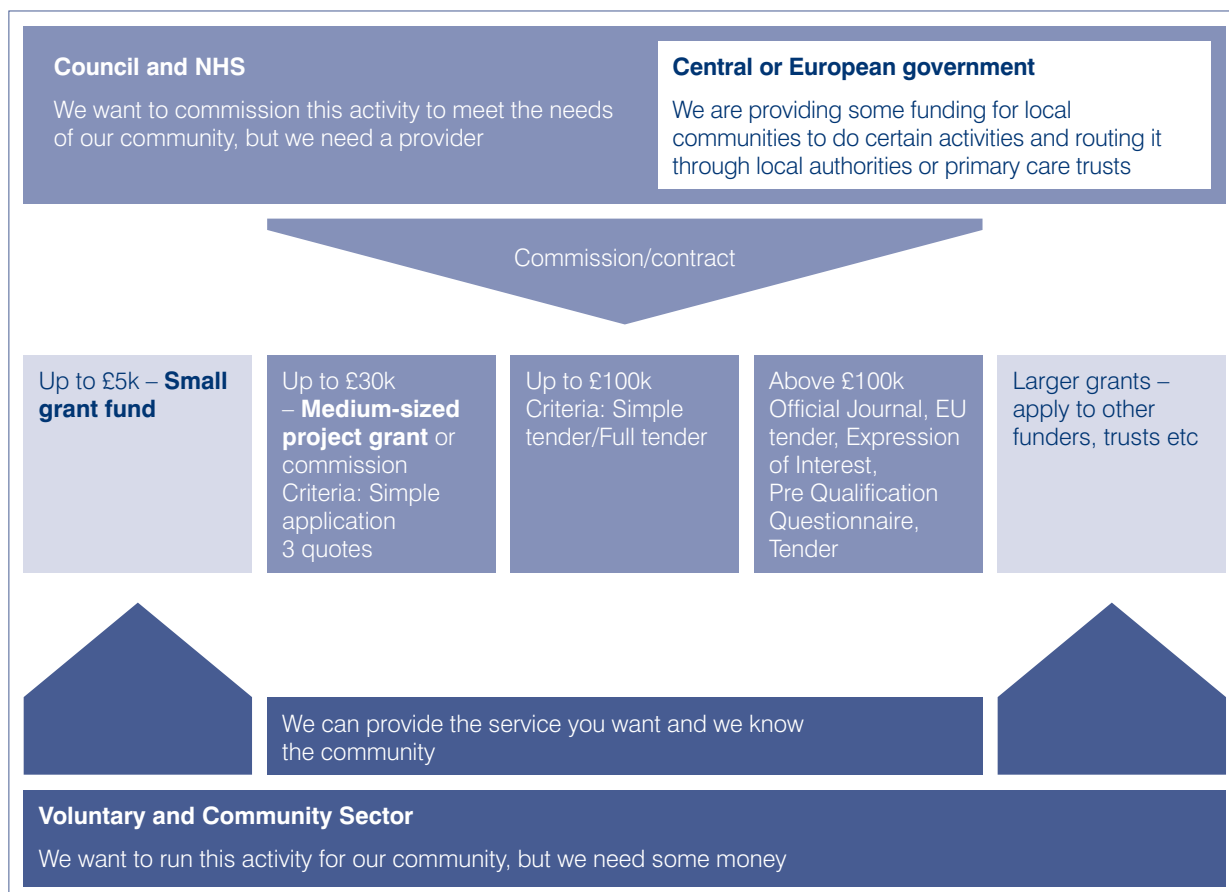
5.3 Improving processes for the future

Statutory funding flows into the voluntary and community sector to pay for infrastructure and direct service provision. The processes for allocating funding include both commissioning and grants. Both processes can be used to fund infrastructure as well as direct services.

Most other local authority areas fund the voluntary and community sector through a combination of small grants and commissioning of services, with different approaches for medium sized grants or money for specific projects.

While it is important that all public funding is used to meet the needs of the local community, the various funding processes allow for the initiative to come from different partners, encouraging innovation and community based developments, not just from government.

Funding relationships and processes



We have looked at what other councils do across the country, and sought advice on best practice from local and national voluntary and community sector organisations. We have ensured our proposals are consistent with local, national and European procurement requirements. In Section 5.4 we have used this information to outline three different funding processes which we think could be used in Westminster:

1. A small grants fund
2. A medium-sized grant mechanism
3. Commissioning through contracting

These processes are not mutually exclusive. In Section 5.5 we present three options for the overall funding approach which are different combinations of these funding processes.

We want to know your views on the individual funding processes, as well as which combination is the most appropriate for the council and NHS Westminster to adopt. The shared principles in section 5.2 have been applied to all the different processes and combinations.

5.4 Funding processes

Small grants fund

A specific fund would be agreed each year for the purpose of funding small grants to voluntary and community sector organisations for community initiated projects.

How much?	Funding source	Application process	Which organisations could apply?
Up to £5,000 ¹⁶ . One year only.	Community chest/grant application. Simple criteria.	Simple application procedure – could be delivered by an umbrella VCS organisation. Project should meet funding criteria and evidence need. Quick turnaround – application to decision within one month. Provide a simple evaluation report and evidence of expenditure at end.	Ideal for smaller projects and new groups including community and BME groups needing one-off funds for events, workshops and small projects. Could be for groups not on the government's procurement database, CompeteFor ¹⁷ .

Question

2. Should Westminster continue to have a small grants fund?
3. Should the grants be one year only or up to three years?
4. Should small grants be limited to smaller VCS organisations eg those with a turnover of less than £10,000 a year?
5. Should the fund be managed by the council, a VCS agency or a separate trust?
6. Would your organisation be likely to apply for a small grants fund in the next three years if it was available?

Please use the feedback form provided for your response.

¹⁶The NHS Westminster procurement code requires three quotations for amounts over £5,000 and below £30,000. The council's procurement code requires three quotations for amounts over £10,000 and below £50,000.

¹⁷CompeteFor is a government sponsored database for organisations delivering goods or services. Once you register and provide your organisation details you don't need to produce the same information for every funding application or contract you bid for.

Medium-sized project grants

This would not be a specific fund set aside in advance, but suggests a way in which funds made available during the year for specific areas of work could be allocated openly so that any relevant organisation could apply.

How much?	Funding source	Application process	Which organisations could apply?
Generally, up to £30,000 or £50,000 for 1 – 3 years.	Grant application form. Up to four pages including a detailed description of organisation and project.	Clear criteria provided by the funder and invitations to bid circulated widely and available online. Application will require evidence of need and provide clear outputs and outcomes. A service level agreement would need to be signed including outputs and outcomes and logged on the contracts database. Projects might be required to report quarterly but not always necessary. Would need to show evidence of delivering the agreed outcomes.	Open to a range of providers – and at least three proposals would need to be considered under the procurement codes. Should be distinctively different from a contract, with broad outputs and outcomes given but leaving the delivery mechanism to the project to decide.

7. Should Westminster have a medium-sized project grant mechanism or should such projects be commissioned through a simple procurement process?

Question

8. How can we make sure VCS organisations are aware of and able to bid for these grants?

Please use the feedback form provided for your response.

Commissioning through contracting – procurement/contracting process

Commissioning

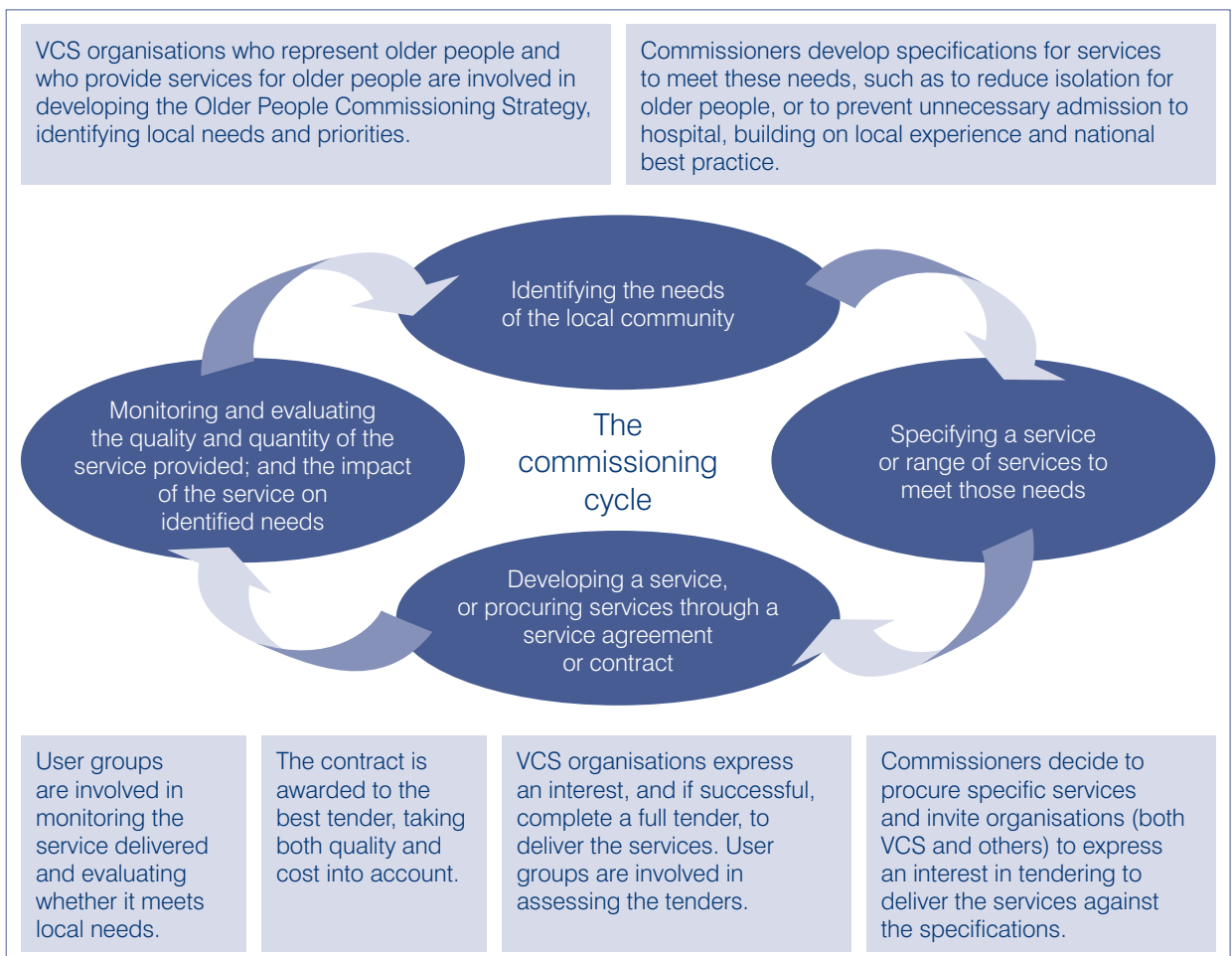
The council and NHS are responsible for commissioning services to meet local needs. This is done through a commissioning process which includes four elements:

1. Identifying need
2. Specifying the services required to meet those needs
3. Procuring those services and agreeing contracts with providers
4. Monitoring and evaluating the contracts to see whether the services commissioned are meeting the needs

Commissioning through contracting can be used for any amount of money being spent. The decision to commission through contracting could be made for small amounts, even where there is a small grants fund in place.

The VCS can be involved in all parts of the commissioning process. This section relates specifically to element 3 – procurement.

An example of how commissioning works for older people



Procurement/contracting

The council and NHS Westminster have procurement codes to ensure they follow the correct governance procedures and make good use of public money. This table shows how the procurement or contracting process works depending on the amount of funding being spent.

How much?	Funding source	Application process	Which organisations could apply?
Up to £10,000 (council) Up to £5,000 (NHS Westminster)	Council and/or NHS Westminster commissioning	Applicants invited to meet specific requirement. One written quote required. Simple application. A contract would be signed to include outputs and outcomes and logged on the contracts database.	Organisations providing relevant services (not limited to the VCS). Must register on CompeteFor.
£10,000 – £50,000 (council) £5,000 – £30,000 (NHS Westminster)	Council and/or NHS Westminster commissioning	Opportunity advertised on CompeteFor, the council, NHS, Supply2Gov and Supply2Health websites. Selected from the council's supplier database, CompeteFor. A contract would be signed to include outputs and outcomes and logged on the contracts database.	Organisations providing relevant services (not limited to the VCS). Must register on CompeteFor.

How much?	Funding source	Application process	Which organisations could apply?
<p>£50,000 to EU threshold¹⁸ (council)</p> <p>£30,000 to EU threshold (NHS Westminster)</p>	Council and/or NHS Westminster commissioning	<p>Opportunity advertised on CompeteFor, the council, NHS, Supply2Gov and Supply2Health websites. Tenders selected from CompeteFor.</p> <p>Simple tender Stage 1: Expression of interest – one month Stage 2: Full application – two months</p> <p>Full tender (larger amounts) Stage 1: Expression of interest Stage 2: Pre-qualification Stage 3: Invitation to tender</p> <p>Will require full applications and may lead to further negotiations prior to the signing of contracts.</p> <p>Full contract with ongoing quarterly monitoring including visits and audit by accountable body.</p>	<p>Organisations providing relevant services (not limited to the VCS). Must register on CompeteFor.</p> <p>May accept bids from consortium or partnerships with a lead/accountable partner.</p>
Above EU threshold	Council and/or NHS Westminster commissioning	Full tender as above.	As above.

Question

9. Do you think that all services should be funded through a commissioning approach?

10. Do you have any questions or concerns about how the commissioning process would work for your organisation?

11. What help would you need to tender for services in the future?

Please use the feedback form provided for your response.

¹⁸ EU thresholds vary depending on the type of goods or services being procured.

5.5 Funding options

We propose three options for the overall approach to funding the voluntary sector in Westminster. These options are a mix of the funding processes described in the previous section.

Options			
1	Small grants fund	Commissioning through contracting	
2	Small grants fund	Medium-sized project grant	Commissioning through contracting
3	Commissioning through contracting only		

Small grants fund	Small or new organisations apply for funding for a need identified in their locality or field.
Medium-sized project grant	Small or larger organisations apply for funding in an area jointly identified as needing development or identified by central government.
Commissioning through contracting	Organisations invited to apply to deliver services against a specification developed by commissioners to meet local needs. The VCS can also be involved in needs assessment and development of specification before the procurement process.

We are looking at the equality implications of each of the options. In considering these we are looking at research about the impacts different funding models can have on different groups.

What you tell us will provide us with essential information for the final Equality Impact Assessment of the preferred options. It will help us to recognise potential impacts on the Westminster community and ensure that the needs of Westminster's diverse population are taken into account throughout every step of the process.

12. Considering your answers on the funding processes, which funding option do you think is best?

Question

Please use the feedback form provided for your response.

5.5 Funding support and development for voluntary and community groups (infrastructure)

The voluntary and community sector can achieve more when it works together and pools resources. The statutory sector also has an interest in making sure that the voluntary sector is strong and vibrant as it means that there is a greater diversity in the number and types of groups that can deliver our services. The support that the sector provides to the community can also mean that people are less likely to need costly and intensive services thereby reducing demand on the public purse.

We also need to consult with the voluntary and community sector to help us identify the needs of the community and to shape services. Being clear that those who are consulted represent the sector and wider community is, therefore, very important.

The sector needs support to coordinate and pool resources, and to develop itself as a whole so that it can ensure it is representative and cost effective. Investment in central support can benefit more communities and groups than spending money on just a few organisations for specific services. Support and development can also help build social capital giving people the skills and tools to work with their communities and develop services.

Infrastructure can include services under two broad headings:

Organisational development	Market and voluntary sector development
<ul style="list-style-type: none"> • Advice and information – human resources, finance and organisational management • Training and development • Payroll services • Criminal Records Bureau (CRB) services • Access to premises • Links to other funding sources and help with applying for funding • A volunteer centre linking volunteers with organisations and providing training and support for volunteers. 	<ul style="list-style-type: none"> • Community networking and a database of contacts • Information sharing and communication • Citizen engagement and resident voice • Representation within local partnerships and influence • Market development and innovation • Local intelligence • Access to excluded communities and residents.

This is a non-exhaustive list.

At present the council funds Voluntary Action Westminster, Paddington Development Trust, Volunteer Centre Westminster and other organisations to provide some of these services. Future commissioning could be for one or many organisations, separately or together delivering this package of services.

Alternatively, a broader specification for services to deliver a strong civil society could be commissioned – with a framework agreement with one organisation or a consortium of organisations delivering these services to all other voluntary and community groups.

Question

13. Should the set of services required to support and develop the VCS be specified in detail or do you think a broader, outcome based, specification is more appropriate?

14. How can we make sure that support and development reaches all parts of the voluntary and community sector, including equalities groups, vulnerable people and organisations working with equality groups?

Please use the feedback form provided for your response.

5.6 Helping groups find the space they need to undertake their activities

When VCS organisations apply for funding, they need to include the cost of premises in their funding application and whether it is part of their general overheads or the rental of a specific room or place to deliver their service. This is part of the full cost recovery principle set out in the compact and applies both to grant applications and commissioning tenders.

Work has been going on to understand the future needs of the voluntary and community sector and to use mechanisms such as Capital Asset Transfer and the Community Build scheme to make more property available to the VCS either individually or together in hubs.

We are aiming to get greater consistency in the way in which funding support for space is provided. The council's property team is preparing a handbook for VCS organisations on how to find space to deliver their services and a checklist of who is eligible for funding support and how to apply for it.

We want to make sure that where possible VCS organisations are able to use council or NHS space which is already available, including schools and CityWest properties, at a reasonable cost. We are proposing that we continue with this work.

6. What do you think?

Please consider the information provided and discuss this within your organisation and other groups. We need your comments by 22nd October 2010, but will be happy to receive them earlier. A feedback form is enclosed for you to complete and send back to us by email or in the post. The form is also available to download at www.westminster.gov.uk/voluntaryreview.

Email: vsu@westminster.gov.uk

Write to: Westminster City Council, Vertex OOH team (VSU),
Mezzanine floor, 4 Frampton Street, London, NW8 8LF

Call: 020 7641 3114

During the consultation period from August to October there will be opportunities to discuss the document at a range of events, some of which will focus on the consultation. A schedule of dates is below and updates will be posted on www.westminster.gov.uk/voluntaryreview and www.westminster.nhs.uk.

- **Wednesday 8th September** – 12.30pm
Council House
97–113 Marylebone Road, NW1 5PT
- **Thursday 16th September** – 6pm
Council House
97–113 Marylebone Road, NW1 5PT
- **Friday 17th September** – 10am
City Hall
64 Victoria Street, London SW1E 6QP
- **Wednesday 22nd September** – 6pm
City Hall
64 Victoria Street, London SW1E 6QP

The consultation closes on 22nd October 2010. We will make announcements on the results of the consultation in December 2010.



