Voluntary sector grant funding

A review by the Public Accounts Select Committee

Voluntary sector grant funding

A review by the Public Accounts Select Committee

Members of the Select Committee

Councillor Alexander Feakes (Chair)

Councillor Stephen Padmore (Vice-Chair)

Councillor David Britton

Councillor Sven Griesenbeck

Councillor Alan Hall

Councillor Madeliene Long

Councillor Chris Maines (replaced Councillor Mark Morris during the course of the review)

Councillor Paul Maslin

Councillor Ute Michel

Councillor John Muldoon

April 2009

Contents

Chair's introduction
Cllr Alex Feakes

The Voluntary and Community Sector makes a significant and essential contribution to the wellbeing of Lewisham's residents and the Council would not be able to achieve all its aims without the contribution that the third sector makes. Voluntary and community organisations play a crucial role in providing a wide range of services that the Council cannot easily provide, often benefiting 'hard to reach' residents who sometimes feel excluded from mainstream services. It is therefore vital to ensure that these organisations are funded in a clear and transparent manner so that they, and the community they serve, can benefit in the best possible way from public funding.

In April 2008, new three year funding arrangements for the Council's voluntary and community sector main grants programme were implemented. We therefore decided that it would be useful see how these new arrangements were working in practice, assess how accountable the arrangements were and consider the extent to which the arrangements were benefiting both funded organisations and the community.

One of the roles of the Public Accounts Select Committee is "to investigate the possibilities for improving the Council's financial management practice" and this review has helped the Committee fulfil this important role. I believe our findings and recommendations will improve the Council's management of grant funding; ensure that grant funding represents value for money; and maximise the benefits brought by funding, to both local organisations and our residents.

Cllr Alex Feakes

Chair of the Public Accounts Select Committee

Terms of reference

Our review considered how the new three year funding arrangements for the Council's voluntary and community sector main grants programme were working in practice and what benefits were being, or were expected to be, achieved. Our review also examined the monitoring process which accompanied the new funding arrangements and assessed how accountable the new arrangements were and whether or not they provided value for money.

The following terms of reference were agreed for the review:

1. The review will focus on the new arrangements for three year funding within the voluntary and community sector (VCS) main grants programme and in particular:

   - thow transparent the new arrangements are

   - the extent to which the arrangements for managing and monitoring three year funding ensure accountability[1]

   - tthe benefits/expected benefits of three year funding for the community and voluntary and community sector organisations.

2. The expected outcomes of the review will be to (a) identify specific actions that can be taken by the Council to improve current management and monitoring arrangements; and (b) consider if any action can be taken to increase the benefits to the VCS and the community brought about by the funding programme. Specifically, the committee's investigation will feed into the review process for the new three year funding arrangements.

It was agreed that the following issues would be excluded from the review:

1. The review will focus on *three year* grant funding only, although some consideration will be given to those organisations funded annually through the programme that are deemed ineligible for three year funding; in order to consider the actions being taken to remove the barriers preventing those organisations from benefiting from three year funding.

2. The review will not consider any other funding streams offered by the Council, or the commissioning of services from the VCS, as this would dilute the focus of the review and would be unfeasible within the time available for the review.

[1.] Accountability refers to the Council (via the Community Sector Unit) being accountable for the grants process (ensuring that the payment of Voluntary and Community Sector Grants is well managed with suitable policies & procedures being in place) and to funded groups being accountable for the money they are granted (ensuring that the money awarded is well spent, that grants are used for the purposes intended and that agreed outcomes are achieved).

Executive summary

Our review found that the introduction of three year funding for the voluntary and community sector had been a positive step, had been welcomed by VCS organisations and had provided the stability required to allow VCS organisations to (a) undertake long-term and sustainable planning and (b) commit to long term service provision. However, we felt that a number of improvements could be made to the operation of three year funding to make the process more transparent and accountable; and to increase the benefits of funding for both the VCS and the community.

Transparency

Although we found that significant improvements had been made to the application process as part of the introduction of three year funding (including revised forms and criteria); we felt that the process could be further improved by making all the forms available online, holding all the information on VCS organisations electronically and strengthening the linkages between the Year One, Year Two and Year Three application forms.

Accountability

We found that there was still work to be done on fully assessing the quality of the services being provided by VCS organisations in return for funding, to ensure that funding was achieving its objectives and making a difference. Therefore we recommend that (a) unit costs should be considered as part of the application process, wherever possible, to ensure that value for money is being achieved; (b) monitoring visits should be more comprehensively and consistently recorded; (c) the Safer Stronger Communities Select Committee should be provided with more information on the results of monitoring reviews and the outcomes achieved; and (d) the level, purpose and objectives of the support offered to third sector organisations should be reviewed and a more explicit test of whether the level of support offered nullifies the benefits of providing services through the VCS introduced. In relation to this, we suggest that the Mayor & Cabinet requests a comprehensive report on the types and level of support offered to VCS organisations, the duration of that support, the effect on the organisation and the improvement in services resulting from that support.

Benefits

In terms of the benefits of three year funding for VCS organisations, we found that organisations would benefit from earlier notification of grant awards and tapering levels and more flexibility in terms of staff pension contributions. We think that the Council should, if possible, advise organisations of the decision

to award funding and the level of tapering for year 2 onwards if applicable, at an earlier stage. We also recommend that the Mayor investigates the costs and benefits of including pension contributions in salary costs and reports on this to the Safer Stronger Communities Select Committee.

Finally, in terms of the benefits of three year funding for the Community, we felt that residents might benefit from a better spread and balance of services provided by the VCS, informed by their feedback. We therefore recommend that (a) the Council should seek to identify gaps in the services currently provided in Lewisham and use the list of all the VCS organisations in the borough held by Voluntary Action Lewisham to plug any identified gaps in service provision; (b) the criteria for funding should be used more proactively by the Council to signal the services it wants provided by the third sector; (c) a formal mechanism to ensure that the Council captures feedback from users of the services provided by funded organisations should be developed; and (d) capturing feedback from service users (using a method appropriate to the organisation) should be a requirement placed on all VCS beneficiaries of Council funding.

Methodology

The review was delivered in the following way.

Two evidence gathering sessions were held in **October** and **December 2008**. These sessions involved:

Assessment of documentation: Officers provided us with comprehensive written information on all aspects of the new funding arrangements, including the monitoring process, and copies of the application form and funding criteria.

Questioning of officers: Officers attended the first evidence session to discuss the new arrangements and answer our questions.

Questioning of external witnesses: Representatives from Voluntary Action Lewisham and two Council funded voluntary and community organisations attended the second evidence session to discuss their experience of the new arrangements and answer our questions.

Specifically, the following written and verbal evidence was considered at each session:

Evidence session one:

- Written and verbal evidence from the Community Sector Unit on the implementation of the new three year funding arrangements, focussing on (a) how transparent the new arrangements were, how they were consulted on and the extent to which they were understood by voluntary and community sector organisations; (b) the funding monitoring system and the extent to which this ensured accountability; and (c) how the Council ensured that the new arrangements benefited the VCS and the community.

Evidence Session two:

- Verbal evidence from Voluntary Action Lewisham (VAL) and 2 Council funded voluntary and community organisations (the Playhouse Community Nursery and Lewisham Citizens Advice Bureau), focussing on the new funding arrangements from the perspective of the VCS, including (a) their experience of the consultation process prior to implementation; (b) the support being provided by the Council in relation to the new arrangements; and (c) the benefits or expected benefits of the new arrangements for the VCS and the community.

In addition, we sent a series of follow-up questions to officers following the first evidence session, and external witnesses following the second evidence session; and we received written responses to these questions. We also

requested some information on the Community Accountancy Service being offered by VAL. Some members of the committee also attended a Compact evening for the VCS in November 2008 – this allowed us to meet representatives of the VCS in an informal setting and refine our lines of enquiry for the evidence session held in December 2008.

Minutes of the two evidence sessions and the written responses provided to the follow up questions can be found at Appendix B - E. Information requested on Community Accountancy Service can be found at Appendix F.

Findings

A: Background

1. In Lewisham there are over 800 voluntary and community organisations, providing a wide range of services, often to 'hard to reach' residents. Some VCS organisations funded by the Council make direct contributions to Council priorities through specific service provision, whilst others contribute more indirectly through providing network support to groups of specialist organisations or through contributions to strategic planning and development, playing a key role in strategic partnerships.

2. The Council's grant aid programme is long standing and the Council has a Compact Agreement[2] with Lewisham's VCS which acknowledges the importance of the Council's role in investing in the VCS and contributing to the core costs of voluntary and community organisations. In 2008/09 the Council provided £5,046,000 worth of funding to 91 voluntary and community organisations. Furthermore, it is estimated that for every £1 invested through the grants programme, the VCS levers in an additional £4.19 of external funding[3].

The new arrangements

3. New grant funding arrangements were introduced in April 2008. This followed agreement by Mayor and Cabinet (Contracts) on 21 February 2007 that the main grants programme would, in principle, move to a three year programme. The aim behind this move was to help provide more stability for local organisations and respond to the Government's agenda.

4. Requests for funding for 2008/2009 were £1.08 million in excess of the Council's grant funding budget[4]. Decisions on which applications to recommend for approval were therefore made following a detailed appraisal of all organisations receiving, or wishing to receive, grant funding. Applications were considered against agreed assessment criteria and the following considerations in particular were taken into account:

   - Feedback on the grants process made by the Safer Stronger Communities Select Committee, the Stronger Partnership Board and voluntary and community sector organisations.

[2.] A local Compact is an agreement between the local voluntary and community sector and the Council, designed to improve their relationship for mutual advantage and community gain. For more information on Lewisham's Compact see: http://www.thecompact.org.uk/shared_asp_files/GFSR.asp?NodeID=100414

[3.] Report to Mayor and Cabinet (Contracts) – Community Sector Main Programme Funding 2008/11 – 27 February 2008.

[4.] The grants budget available for 2008/09 was £5,013,867. Requests for funding were £6,090,232 which was an excess of £1,076,365. Subsequently budget adjustments increased the £5.01m by £93,000 once the level for inflation on salaries was agreed during that financial year.

- The need to contribute to the Community Strategy (since superseded by the Sustainable Community Strategy).

- The promotion of good value and quality service provision via main programme grants.

- Seeking to avoid duplication of services and promoting diversity of provision across the voluntary sector.

- Ensuring all organisations promote equal opportunity and social inclusion.

- Encouragement towards the organisation becoming self sustaining.

- The viability of the organisation.

5. Prior to implementation, the new funding proposals were scrutinised by the Safer Stronger Communities Select Committee and, in one sense, our review can be seen as a follow up to that scrutiny, in that we examined the implementation of the proposals considered by that select committee and considered, amongst other things, whether the recommendations made as a result of that review had been addressed. A key recommendation made by the Safer Stronger Communities Select Committee when it considered the proposals for new funding arrangements, was that those organisations in receipt of three year funding should attain a minimum level of quality management and good governance.   We note that, in response, it has been agreed that:

- Any organisation recommended for three year funding will be required to agree to work towards adopting an appropriate quality assurance system within the first two years of funding.

- Any organisation where the Council has concerns about the quality of management and good governance will be placed on annual funding until the areas of concern have been rectified.

- Organisations that are new to the grants programme will automatically be placed on annual funding for a period of 2 years.

6. All the organisations that applied for funding for 2008/09 were sent the recommendations of officers in advance of a decision being taken by the Mayor on whether or not to award them a grant; and they were given the opportunity to discuss the recommendations with officers. They were also informed of when the decision would be made by Mayor and Cabinet (Contracts) and given the opportunity to appeal against the officer recommendation. They could do this by providing a written submission and/or speaking before Mayor and Cabinet (Contracts) before any

decision was taken. We note that Lewisham is, in fact, one of only a few local authorities operating an appeals system in relation to grant recommendations.

B: Transparency

Introduction

7. We recognise that making sure that the new arrangements were transparent and well understood by VCS organisations, in order that those organisations could benefit from funding and help improve outcomes for the community, was a key priority for the Council. We therefore considered, as an important element of our review, whether the new funding arrangements were based on clear criteria that were understood by the VCS and that a transparent and consistent approach was being taken to managing the programme.

8. At the evidence session held on 7 October 2008, we received written evidence on the transparency of the new arrangements and were informed that that the process of applying for three year grant funding and the process of monitoring the use of funding, had been designed to ensure that the applicant was well informed about the process and that the process was both transparent and consistent. We noted that the funding application packs included detailed information on the funding process, the date that the decision would be made and guidelines on how to fill in the form.   Furthermore, we noted that surgeries were held for organisations requiring assistance in how to fill the forms in, with individual sessions being offered if organisations were unable to attend the scheduled surgeries, or if they preferred they could discuss their queries over the phone.   We also noted that the council would be providing a number of training events for VCS organisations in relation to help them with various aspects of the new arrangements, including sessions on:

   - **Quality Assurance Systems and Outcomes** – including information on the Matrix Standard, the Big Picture, PQASSO (Practical Quality Assurance System for Small Organisations) and EFQM (European Foundation for Quality Management)

   - **Funding** – an information day with presentations, question and answer sessions, information resources, and networking opportunities with a variety of funders present (including the Arts Council of England; the Capital Community Foundation; Fair Finance; Lloyds TSB Foundation and the Social Enterprise Loan Fund).

Consultation

9. We were informed that the new three year funding arrangements had been introduced following consultation with a variety of stakeholders, including the VCS, and the concerns expressed by the VCS had been acted upon. For example, we noted that following concerns around the length of time being allowed for organisations to implement Quality Assurance Systems, the time was extended from one to two years. We also heard that tapered funding had been a concern for a number of organisations and that these organisations had been offered appropriate and specific support. We noted that two of the organisations that had appealed against their funding allocations had subsequently had their appeals upheld and that one of these appeals had been against tapered funding. We welcomed the news that all the VCS organisations consulted on the new arrangements, bar one, had welcomed the new arrangements[5] and we recognise that funding over three years clearly has significant benefits for the VCS. It is widely acknowledged that annual grants can create a climate of uncertainty, preventing the VCS from properly considering long-term and sustainable planning or committing to long term service provision; and that three year funding is a means of rectifying this issue.[6]

10. Following our evidence session held on 9 December 2008, we sent some follow up questions to the witnesses who had attended the session in order to assess the extent to which VCS organisations felt they had been properly consulted on the introduction of the new three year funding arrangements, as we had not had sufficient time to cover this is the session. Martin Howie, Director of Voluntary Action Lewisham (VAL) informed us that the Compact Steering Group which he organised and which included other voluntary and community sector representatives, was informed and consulted about both the principle of moving to 3-year funding and the details of the proposals to implement it. In addition, the Council's Community Sector Unit had organised a consultative working group to develop the proposals. Martin felt that, given three year funding was something that the sector had long argued for, the VCS was delighted that the Council had chosen to implement new three year funding arrangements and that, in his opinion, the consultation process was thorough and helpful. Rita Pretty, Centre Manager at the Playhouse Community Nursery informed us that her organisation had been consulted on

---

5. In the case of the one organisation that had not welcomed the new arrangements, we noted the officers' summation that this might be due to a general resistance to change.

6. In 2006, following extensive consultation with the third sector by HM Treasury and the Cabinet Office, the chancellor of the exchequer proposed in his pre-budget report that, from 2008, three year funding for the VCS should become the norm rather than the exception due to the concerns expressed by VCS organisations in relation to annual funding. Further information available at:
www.hm-treasury.gov.uk/pre_budget_report/prebud_pbr06/other_docs/prebud_pbr06_odthirdsector.cfm

the proposals and had attended a series of meetings where they were given the opportunity to voice any concerns and that this had been helpful. Rachel Braverman, Joint Chief Executive of Lewisham CAB informed us that the workshop arranged by the Community Sector Unit to explain how the new arrangements for three year funding for information and advice services would operate and to ask for input from voluntary sector organisations was very helpful. She noted that comments and suggestions from the voluntary organisations were taken on board and the Community Sector Unit had proved very available to answer questions throughout the process.

Understanding the new arrangements

11. At the evidence session in December, Martin Howie suggested that, overall, the VCS in Lewisham seemed to understand the grants process pretty well and that the move to three year funding was very welcome. It offered stability, and although the allocation was, understandably, reviewed every year, it still allowed for long term planning and was having a positive effect on staff recruitment. When asked if the move to three year funding had been well advertised once the decision was taken to implement the new arrangements, he indicated that, although he couldn't say that every VCS organisation in the borough was aware of the move, he felt it had been well advertised and that the organisations that had been applied for funding had been supported and provided with comprehensive information on the new arrangements with a full explanation of the process. Rita Pretty and Rachel Braverman agreed with Martin, although Rachel noted that, as a mainstream organisation with support from a central office, they were very experienced in terms of funding arrangements and knew what to expect.

12. At the session with officers in October, we were informed that the criteria for funding had been approved by the Mayor and Cabinet and was set out clearly in the information accompanying the funding application form[7]. Officers felt that the Council was very clear on what it wanted funding to achieve and that this was expressed clearly through the criteria for funding. We noted that, for example, the service specification arising from the review into advice and information services did set out very clear criteria for the type and quality of service expected from those organisations. Officers further suggested that, in developing the criteria for funding, the Council recognised that the role of the VCS was much wider than direct service provision. Some organisations were 'second-tier', providing a network of support and development to smaller groups

---

7. The general criteria for funding, the specific criteria for three year funding and the criteria for tapering are all provided as part of the funding application package.

and organisations that shared a common interest or area of work; whilst other organisations represented the voice of the VCS or interests within it and played a legitimate advocacy or campaigning role. The grant aid assessment criteria had therefore been designed to accommodate the breadth of work undertaken by the VCS in the borough. We also noted that the priorities for grant aid reflected in the criteria, reflected the borough's Community Strategy priorities and the priorities in the Local ChangeUp Plan.

13. We considered the extent to which a transparent and consistent approach was being taken to managing the new grants programme, as we were concerned that the new funding arrangements might be placing too heavy and complicated a bureaucratic and financial accounting burden on smaller VCS organisations. We were informed that organisations struggling to cope with the new process and requirements were provided with assistance and given clear and easy to understand explanations on what was required. Also the monitoring process was, in part, being used to assess areas for development in funded organisations (including in administration and financial management) to allow specific and appropriate support and capacity building to be offered. We were informed, for example, that Voluntary Action Lewisham was offering finance training to those organisations in need of improving their skills in this area through a community accounting project (jointly funded by the Council and London Councils)[8].

14. We examined the April 2008 application form for funding and noted that it appeared to be very old fashioned and, whilst the criteria accompanying the form were very clear, the form itself was not as clear. However, we noted that the form was being updated in consultation with the VCS and that our comments on the wording and layout would be taken on board. Nevertheless, we felt that it was a shame that the form had not been updated in time for the launch of the new three year funding arrangements. Following the evidence session, we were sent the revised application packs for (i) three year funding (year one); (ii) confirmation of three year funding (year two); and (iii) three year funding for the provision of Advice and Information Services. We felt that these were an improvement on the form we examined at the evidence session.

15. We noted that the Community Sector Unit was working with Sun Guard (the Council's IT provider) to make the application forms available online, although officers were aware that a number of local voluntary organisations did not have computers and therefore preferred to complete the form by

---

8. Please see Appendix F which includes data on take-up.

hand (and would continue to be allowed to do so). However, they anticipated that the majority of organisations would complete the form online and that by doing so, the quality of the data supplied would be improved, as applicants would not be allowed to proceed until the relevant information had been supplied, thus forcing the quality of the data.

16. We considered the extent to which the VCS felt the application forms were easy to understand and appropriate. At the evidence session held in December we heard from Rita Pretty, who advised us that it took her organisation two to three weeks in order to make sure that the application form was filled in properly and to a high standard and that the nursery's finance officer was involved in the process as some of the information required was quite complex. However, she recognised that the application form was a necessary part of the process and that completing the form was in fact a useful process for her organisation as it assisted long-term planning. Although the Nursery had received three year funding in 2008/09 (with tapering) staff had recently been required to complete a shorter form to confirm the allocation for 2009/10. We noted that the new arrangements only awarded three year funding in principle and that the eligibility to receive funding was re-checked each year. Rita felt that, although the renewal form was necessary and a justifiable and understandable aspect of a professional funding scheme which had to be accountable and ensure value for money, a shorter version would be welcome. Rachel Braverman informed us that it had taken her organisation a few weeks to complete the form for three year funding for the provision of Advice and Information Services, but there were no irrelevant questions and the form was an improvement on last year's form. She felt that the questions were appropriate as organisations needed to demonstrate that they were providing quality outcomes in return for funding.

17. We noted Martin Howie's comments that the Community Sector Unit was very responsive to comments about the forms from his organisation (Voluntary Action Lewisham) and the VCS in general; and that organisations recognised that the forms were lengthy but a necessary requirement of securing funding. He also made the point that VCS organisations were all very different and a form that was a good fit for one organisation was not always a good fit for another, although it was accepted that you could not have a multiplicity of forms and that some standardisation was necessary. Following the evidence session, Martin provided some written information on the improvements that he felt should be made to the forms, noting that the matter was currently under review and that there would be a consultation/feedback meeting for the VCS, organised by the Community Sector Unit, in February 2008. He informed the committee that he had received comments from a number

of organisations and was seeking further feedback from others. The concerns expressed included:

- Confusion as to why, when three year funding has been agreed, organisations have to "apply" for year 2 funding. The form, although shorter, has the same appearance as the original application.

- A belief that some of the information asked for is inconsistent with the original application. (e.g. in year 1 organisations were asked to outline a three year work programme, not one that was broken down into years 1, 2 & 3. In Year 2 organisations were asked to state progress on year 1 targets. Although, individually, most organisations have these, there is no direct relationship to the original application form).

- Duplication - some of the information asked for in the year 2 form has been supplied previously. VAL suggests that a request to notify any changes would be more appropriate. This would be greatly assisted if CSU held all information electronically.

- A lack of correlation between the traffic light monitoring system and the year 2 funding renewal application.

- The timing of the year 2 application is dictated by the Council's budget setting process. However, being asked to report on year 1 progress when only 8 months of the year has been completed creates an anomaly.

18. After taking in to consideration all the evidence provided to us on transparency, it is our view that:

- Making the application forms available online will help 'force' the quality of the data as applicants will not be allowed to proceed until the relevant information has been supplied (although organisations without access to a computer should still be able to complete the form by hand).

- Holding all the information on VCS organisations electronically will allow information to be continually updated and stored in a single location, allowing ease of access. It will also help avoid duplication in information requests.

- Strengthening the linkages between the Year One, Two and Three application forms will reduce the administrative burden on VCS organisations and result in a more efficient system. The Year Two and Year Three application forms should require organisations to provide updates and progress reports in relation to the information provided in the Year One form. They should not request duplicate information or information that is unrelated to the information requested in the Year One form. The Year Two and Three forms should be kept as short as possible to reduce the administrative burden on VCS organisations and should be more closely linked to the traffic light monitoring system to ensure VCS organisations are improving.

Recommendations:

Although significant improvements have been made to the application process (via revised forms and criteria), we recommend that the process is improved by:

1) Making all the forms available online.

2) Holding all the information on VCS organisations electronically.

3) Strengthening the linkages between the Year One, Year Two and Year Three application forms.

C: Accountability

19. Our review sought to verify that the voluntary and community organisations in receipt of council funding were well managed and governed, operated an appropriate quality assurance system, fulfilled their obligations to the Charities Commission and achieved agreed outcomes. In relation to this we noted that the Council had a role to play in supporting VCS organisations to achieve a high level of good governance and deliver quality services, and that one of the indicators in Lewisham's Local Area Agreement was 'environment for a thriving third sector'. This indicator measures the contribution that the Council makes to the environment in which independent third sector organisations can operate successfully; and is scored according to the proportion of third sector organisations that feel that the Council influences their organisation's success positively or very positively. By adopting this indicator, we recognise that the Council has committed itself to building the capacity of the third sector and to helping organisations develop appropriate quality assurance systems and governance arrangements. Our investigation therefore had an important role in examining the steps being taken to ensure that targets were being met in relation to this indicator.

20. In addition to examining whether funded groups were well governed and were spending their money well and for the purposes intended; and were achieving agreed outcomes, we also considered the extent to which the Council was monitoring this and generally ensuring that the payment of VCS Grants was well managed with suitable policies & procedures in place. We noted that the new grant funding arrangements were implemented alongside a new monitoring and review process, effective from April 2008 and we agreed that consideration of this process would also be key to our investigation.

The monitoring system

21. At the evidence session held on 7 October 2008 we considered the new monitoring system in detail. We noted that the system had been developed in conjunction with the VCS to promote capacity building and ensure transparency and consistency; that all organisations (including those on one year funding as well as those on three year funding) would be monitored using the system; and that the monitoring data would feed into the grants assessment for the following year.   We also noted that the process was in its early stages, and that comments were being recorded to enable officers to refine the process and indicators.

22. We noted that the monitoring system involved two elements:

    • Monitoring the robustness of the organisation. (i.e. the traffic-light element of the monitoring system - see below).

    • Monitoring service delivery (i.e. monitoring against agreed outcomes and outputs).

23. The traffic light element of the monitoring system was divided into Governance, Management, Planning and Financial Viability, and each area had specific performance indicators to enable the organisation and the monitoring officer to identify areas where organisations could improve. Prior to a monitoring visit, organisations were required to score themselves against each sub-indicator (with evidence) and the self-assessment would be discussed at the monitoring visit. The score would be (jointly) identified, and an action plan for improvement agreed, with relevant timescales. In addition to the traffic light indicators, organisations were also monitored specifically against the outcomes and outputs identified as part of the grants assessment process, to ensure value for money. We noted that each year, each organisation would have at least one formal monitoring visit, with follow up meetings held where appropriate.   We also noted that monitoring officers attended occasional management committee meetings and conducted 'drop in visits' to the organisation.   Organisations were required to submit all Management Committee minutes to the Council and, if required by the monitoring officer, regular reports on service delivery.

24. We heard that events and training would be offered to organisations to address identified needs, with mentoring offered where appropriate. Also, if an organisation was not performing to the required standard, officers would offer specific assistance and work closely with the organisation to assist improvement. Thus the monitoring system, as well as ensuring that value for money was achieved, had an important role in supporting the LAA indicator 'environment for a thriving third sector' and ensuring that the capacity of the third sector was built up. It helped officers to assess

areas for development[9] in organisations so that appropriate support and capacity building could be offered. For example, a business advisor was now supporting early years organisations and a pilot project (funded by the business advice service) was supporting five community organisations with intensive and customised business support geared towards reducing their dependence on grant aid.

25. We also noted that where organisations had been awarded annual funding as a result of areas of concern being identified, specific support was provided to the organisations to help them address the identified problem areas.[10] The aim was to enable the organisation to be in a position to receive three year funding once the areas of concern had improved. We were also reassured that, should a grant be suspended (organisations persistently underperforming could have their grant suspended or withdrawn) and a service no longer provided, the council could provide additional funding to a similar organisation to allow them to provide the service. For example, we noted that when the Law Centre was unable to provide the services it usually provided, Evelyn 190 was funded to allow them to provide some of these services, pending the outcome of the information and advice review and subsequent grants process.

26. We noted that the monitoring visits for the 2008/09 year were currently being undertaken and that, to date, the feedback had been positive. Although the monitoring visits had taken a large number of staff hours, officers recognised that the base line was being identified and would form the basis for monitoring in future years.

27. Whilst we were largely satisfied with the monitoring process and the support being offered to organisations to improve, we queried how the Council balanced offering support to struggling organisations with ensuring that quality services were being provided by quality organisations. Officers put it to us that many organisations could improve to become highly successful organisations with the right support. Minor changes (e.g. a change on the management committee) could affect an organisation significantly and the right support could help them weather such storms without a detrimental effect on services. Officers therefore made a professional assessment on whether support would enable an organisation to come up to an acceptable standard. In addition, officers anticipated that in future years, once the new robust monitoring approach was embedded, less support would be required. We felt however, that the

---

9. Areas identified for development in funded organisations have so far included governance (roles of management committee members, understanding legal structures, employer roles etc.), financial procedures and volunteer management.
10. Currently 7 organisations are on annual funding due to concerns about their viability, management, governance arrangements or because they are a fairly new organisation.

conflict between the objectives of (a) creating a thriving third sector and (b) ensuring that quality services were provided to local residents required further attention. The high level of support being provided to the third sector suggested to us that the services they were providing might not be of the highest quality. Furthermore, we wondered if organisations reliant on a high level of council support might no longer display the key characteristics of third sector organisations that makes these organisations valuable and worth funding (innovative, flexible etc.).

28. At the evidence session held on 9 December 2008, we heard about the monitoring system from the perspective of the VCS. Rita Pretty described the half day monitoring visit that her organisation had recently experienced. She felt that it had been very thorough but conducted in a supportive manner. It lasted about four hours and she felt that the monitoring officer listened carefully to the information provided. Martin Howie suggested that monitoring officers went through the information provided as part of the monitoring process and analysed the information provided. He felt that a lot of progress had been made and that the traffic lights element of the new monitoring system was especially helpful. In terms of improving the system further he was reassured that the Community Sector Unit was good at listening and was receptive to change. Rachel Braverman commented that a good feature of the monitoring system was that the Council recognised that other organisations monitored the organisations receiving funding (e.g. the Council looked at the central CAB audit of Lewisham CAB – please see section on quality assurance below). She also felt that the monitoring visits were focussed on outcomes and were very constructive with officers offering advice and assistance as appropriate. Additionally, the fact that organisations could comment on whether they felt monitoring officer reports were accurate (Lewisham CAB felt that their report was accurate) was a good feature of the system.

Value for money

29. At the evidence session held on 7 October 2008 we considered the extent to which the Council's monitoring policies and procedures were ensuring that value for money was being achieved. We noted that, in order to ensure that quality services were being delivered at a reasonable cost to the council, inflation increases were not factored into running costs for year on year funding, meaning that organisations had to make ongoing efficiency savings.

30. We noted that, although unit costs were considered as part of the application process and applicants benchmarked against other providers, it was often very difficult to compare like with like. To illustrate this,

officers used the example of the resources needed to provide a service to a disabled child with multiple complex needs. These would be far greater than the resources required for a child without specific needs. Monitoring officers therefore used their expertise to assess whether value for money was being provided in any particular case, taking into account all the variables. Although assessing value for money was, to an extent, an inherently subjective process, officers did try to make the process as objective as possible and used a mixture of qualitative and quantitative assessment. We noted that benchmarking was not carried out in terms of the grants the Council offered to organisations compared to those offered by other councils, as Lewisham was in somewhat of a unique position in that it still offered a high level of grant aid, unlike a number of boroughs. However, officers recognised that there was still work to be done on assessing quality and making sure that funding was making a difference and that, for example, the quality and recording of meetings could be improved. We endorsed this suggestion.

31. Officers reassured us that organisations no longer *expected* to receive funding (i.e. took grant funding for granted) and that the advent of three year funding had seen organisations begin to think more about outcomes and seek alternative sources of funding where appropriate. In response to our concern that the support being offered to funded organisations might be requiring the deployment of additional council resources, we were informed that the Community Sector Unit was instead deploying its resources in a different way, with a shift towards capacity building and away from annual grants administration.

32. Following the evidence session we requested further information on how the sums awarded were arrived at. We noted that when an organisation applies for a grant, it indentifies the amount that it considers necessary to enable it to achieve the outcomes that it has identified. As part of the assessment process, officers then analyse the budget submitted to ensure that it relates to the activities outlined in the application form and that it is value for money. This includes looking at the budget structure, benchmarking against similar activities, checking how the budget was developed and making sure they have taken all costs involved into account (for example for those organisations giving advice and information, officers check if they have the right indemnity insurance cover; if they are working with children officers check if they have allowed for the costs of CRB checks of all those in contact with children - staff and volunteers).

33. We noted, at the evidence session held on 9 December, Rachel's comments that whereas previously, the application form had focussed

more on inputs, it now focussed more on outputs and outcomes which helped ensure that value for money was being obtained. We also considered tapering and if this had an effect on value for money. On the one hand, tapering could inspire efficiency savings. We were aware that the Council had agreed that funding would not generally be tapered down beyond core funding requirements and funding would only be tapered for organisations able to make efficiency savings and/or that have additional sources of funding. However, on the other hand, we noted that the funding for the Playhouse Nursery was to be tapered beyond core costs and that this was a cause of great concern for the nursery as the funding currently paid the salaries of four staff. Rita suggested that any reduction in funding might have implications in terms of cutting staff hours or cutting staff numbers, although alternative avenues of funding could be considered. We noted Rachel's concern that it might be difficult to secure funding from other sources if these sources were aware that the reason behind the organisation's application was that the organisation's current funding was being tapered. Furthermore, she suggested that tapering funding for core costs was the opposite of value added – It was value subtracted.

Quality assurance

34. At the evidence session held on 7 October 2008, we heard that different options were currently being pursued in relation to the quality assurance systems suitable for VCS organisations. We noted that the system most appropriate for an organisation was dependent on the size and level of risk associated with that organisation. For example 'Big Picture' was deemed an appropriate option for smaller organisations; and 'Pqasso' (Practical Quality Assurance System for Small Organisations) more appropriate for slightly larger organisations. We noted that the Quality Mark, Matrix and Investors in Volunteers were also used when appropriate.

35. As we remained concerned that the Council was not promoting the most up to date and appropriate quality assurance systems to VCS organisations, we submitted a number of questions relating to quality assurance following the evidence session held on 7 October 2008. We heard that a training event had been held and information on a number of the different and up-to-date quality assurance systems available had been provided. The event included presentations and one-to-one sessions. We also heard that, within the Community Sector Unit, there was a designated officer responsible for working with organisations who wished to explore different quality assurance systems. Progress on how groups were implementing quality assurance systems was part of the monitoring process, and where no progress could be seen, grants were made subject to evidence being

provided that progression was being made.

36. At the evidence session on 9 December 2008, we took evidence on how VCS organisations measured outcomes. Rachel reported that her organisation used an electronic system developed by the central CAB; and Rita reported that her organisation used staff meetings, management reports and the Sage accounting system to measure outputs. The nursery was also inspected by the Office for Standards in Education (OFSTED). Martin outlined the various ways in which VAL measured outcomes including (a) recording systems for visits to organisations, training courses etc; (b) the preparation of quarterly management reports for scrutiny by the executive committee; and (c) project reports to funders. All the witnesses agreed that they should be held accountable for the funding they received and be able to evidence the quality of the outcomes they achieved.

37. Following the evidence session in December, Rachel Braverman provided us with some further written evidence on the quality assurance system in place at Lewisham CAB. She informed us that the system was very stringent and a well recognised quality assurance system, covering both organisational aspects (finances, governance etc.) and the quality of advice we give. They were audited regularly and received support from Citizens Advice (CitA). Rachel welcomed the fact that the Council recognised the central CAB's auditing process as it meant that they did not have to take time away from front line services to service extra monitoring. Her organisation also prepared an annual risk assessment report, covering all aspects of the organisation, including financial risks, external factors, IT, service delivery issues and staffing. This was presented to and discussed by the Trustee Board, who then took a lead in taking any action necessary.

38. Our review also considered how Charity Commission obligations were being monitored as this had previously been raised as an area of concern by councillors. We noted that, on 1 March 2006, the Council, when considering the Budget and Council Tax proposals for 2006/07, had made the following resolution:

> 'Officers should be instructed to immediately check that every organisation of charitable status that is receiving a grant and/or renting council property at less than a market rate is reminded of their obligations to ensure that annual returns and accounts are submitted to the Charity Commission. Such a policy should be enforced on an ongoing basis.'

39. We therefore considered how this resolution was being enforced, how often grant monitoring officers reminded grant aided registered charities

of this requirement and how often checks were made on their compliance. We noted that one of the areas of the new monitoring system was good governance, and that support was being given to organisations to improve in this area. Organisations were asked to report on their obligations under the Charity Commission, and where returns were not being submitted, the grant recommendation for that organisation included a specific condition that funding would only be released once this obligation had been met. We were satisfied with this response.

40. We also noted that the Safer Stronger Communities Select Committee was fully involved in every stage of the grants making process and that, for example, last year the Committee had expressed concerns about the proposed withdrawal of funding for the Toy Library, and the officer recommendation to withdraw funding was subsequently overturned by Mayor and Cabinet.

41. After taking into consideration all the evidence presented to us in relation to accountability, it is our view that:

- Improving the recording of monitoring visits will help ensure that all visits are of a high and consistent standard and that comprehensive information is generated for use by the Community Sector Unit and dissemination to interested parties (including elected members).

- Providing elected members (particularly the Safer Stronger Communities Select Committee) with more information on the monitoring regime and the outcomes achieved will increase understanding of the impact of grant funding and the quality of the monitoring system and increase support for the grant funding programme.

- The level of support offered to third sector organisations should be reviewed as the conflict between the objectives of (a) creating a thriving third sector and (b) ensuring that quality services are provided to local residents has not been fully resolved. The high level of support being provided to the third sector suggests that the services they provide might not always be of the highest quality. Furthermore, organisations reliant on a high level of council support might no longer display the key characteristics of third sector organisations that makes these organisations valuable and worth funding (innovative, flexible etc.). We suggest that the Mayor & Cabinet requests a report on the types and level of support offered to organisations, the duration of that support, the effect on the organisation and the improvement in services resulting from that support (with evidence).

Recommendations:

There is still work to be done on fully assessing the quality of the services being provided by funded organisations and making sure that funding is achieving its objectives and making a difference. We recommend that:

1) Unit costs are considered as part of the application process, wherever possible, to ensure that value for money is being achieved.

2) Monitoring visits are more comprehensively and consistently recorded and the quality of the meetings made more consistent across the board.

3) The Safer Stronger Communities Select Committee is provided with more information on the results of monitoring reviews and the outcomes achieved.

4) The level, purpose and objectives of the support offered to third sector organisations is reviewed and a more explicit test of whether the level of support being offered nullifies the benefits of providing services through the VCS, is introduced. (We recommend that the Mayor & Cabinet requests a report on the types and level of support offered to organisations, the duration of that support, the effect on the organisation and the improvement in services resulting from that support, backed by evidence).

D: Benefits

Benefits for VCS organisations

42. At the evidence session held on 7 October 2008 we heard that the new three year funding arrangements had been welcomed by the Compact Steering Group, suggesting that the majority of VCS organisations felt that the new arrangements would be beneficial, would assist in achieving successful outcomes and would provide them with greater stability, enabling them to undertake forward planning.   Nevertheless, we noted that some concerns had been expressed by organisations around (a) tapered funding and the possibility of consequent cuts in services; and (b) the length of time allowed for organisations to adopt quality assurance systems. We noted that a number of steps had been taken to address these, and other, concerns:

- The amount of time allowed for organisations to adopt appropriate quality assurance systems had been extended from one to two years.

- Officers were working with organisations to identify appropriate quality assurance systems, and there would be an event at the beginning of November 2008 providing information on the different systems available.

- Funding would not generally be tapered down beyond core funding (funding for overheads – e.g. admin and support, not direct service provision) requirements and funding would only be tapered for organisations able to make efficiency savings and/or that have additional sources of funding.

- Training on understanding outcomes/outputs and how to link this with the Sustainable Community Strategy would be undertaken in November 2008.

- The Economic Development Service, the Community Sector Unit and Voluntary Action Lewisham were developing a pilot project to support 5 community organisations with a package of customised business support geared towards developing their 'non-grant' sustainability and reducing their reliance on grant aid.

- GrantNet, a web-based computer package would be available from October 2008 on the Lewisham website allowing VCS organisations to access information on funding opportunities from European, central and local government, lottery, corporate sector and charitable trusts.

- A directory was being developed on the provision of capacity building and business support available to the Third Sector.   This would link into the work being developed London-wide to ensure that local organisations can benefit from support provided by both local and London-wide agencies in a more consistent way.

43. We heard that, to some extent, the new monitoring process would feel new to funded organisations, they would feel its impact and it might cause them some concern. However, we noted that the new traffic lights system was intended to assist organisations in clearly identifying what was needed to allow 'red' and 'amber' organisations to move up to 'amber' or 'green' and should not be a cause for concern. We noted that, where a number of organisations were identified as being in need of specific support, relevant training could be provided. There was also the possibility that an organisation could be paired with another organisation with expertise in that area and offered mentoring.

44. Although the self-assessment element of the monitoring system was 'new' paperwork, feedback from the VCS had indicated that it had been welcomed and was helping organisations focus on problem areas. In addition, officers suggested that the self-assessment required different information rather than extra information from the VCS, so did not necessarily increase the bureaucratic burden on organisations. Similarly, the drive for more consistency in book-keeping was not necessarily a new

requirement although it is being more consistently enforced.

45. We heard that three year funding was helping the Council to fulfil the Local Area Agreement target of building an environment for a thriving third sector (Local Area Agreement N17), thus benefiting VCS organisations. With three year funding, organisations were able to forward plan in a more robust way and other funders were more likely to give match funding. With a decrease in the bureaucracy of annual funding, the new arrangements had also enabled officers to provide more capacity building in terms of VCS organisational development, as referred to elsewhere in this report.

46. We also noted that the new system had enabled a few new organisations to be funded in 2008/09 and it was expected that the tapering of some existing funding in future years would in turn release money which could be used to fund more new organisations in the future.

47. We asked officers what impact three year funding had had on funded organisations and if their aims and objectives had been affected. Officers suggested that organisations looked at the variety of sources of funding on offer and applied for ones that married with their aims and objectives. However, they acknowledged that it was possible that organisations might adapt their aims and objectives in order to qualify for funding. Nevertheless, when new organisations applied for funding, their track record was considered and any dramatic changes in the organisation's aims and objectives were noted.

48. Following the evidence session held on 9 December 2008 we received some written information from Martin Howie outlining his opinion on whether the aims and objectives of VCS organisations were affected by the funding process. He felt that it was inevitable that some organisations will have modified or adapted their work, or aspects of it, to achieve compliance with Council funding requirements, particularly in relation to outcomes. However, he felt that this is 'normal' for voluntary and community organisations; and that all funders (e.g. statutory funders, the Big Lottery, charitable Trusts etc.) set their own priorities, and organisations sought to attract funding sources that coincided with their own essential purposes. He felt that, to an extent funders called the tune; but that equally, it was important to VCS organisations to retain their independence and remain true to the purposes for which they were established. He felt that organisations were always striving for 'best fit' between those two aspects. More positively, Martin suggested that there was no doubt that the requirements of funders, had improved the quality of VCS organisations as it was almost impossible to obtain funding from any source unless a good level of organisation management had been achieved. Rachel Braverman also provided some written information on this matter, suggesting that, as a result of the needs

analysis and the resulting service specification, her organisation had suggested working in slightly different areas of the borough. However, they saw this as a positive change, responding to the needs of Lewisham people.

49. At the evidence session held in December, we heard directly from the VCS on what they felt the benefits of the new arrangements to be. It was generally felt that the stability offered by three year funding was enormously welcome and that there were no significant disadvantages associated with the move to three year funding. It was acknowledged that the new arrangements required organisations to be professional and operate appropriate quality assurance systems and financial management arrangements. Martin Howie suggested that VCS organisations in Lewisham varied considerably and that whilst some were highly professional, others were not and getting some organisations to follow strict financial management arrangements and link into sophisticated systems like LISA (Lewisham Information Sharing and Assessment system), required a huge developmental leap and lots of training.

50. The witnesses invited to the evidence session felt that it was unreasonable that the Council's main voluntary and community sector grants programme did not include pension contributions in salary costs and noted that some other Local Authorities did fund pension costs.

51. Following the session, we received some written information from Martin Howie outlining his opinion on the support being provided to the VCS in relation to applying for funding, achieving outcomes and developing appropriate quality assurance systems etc. He felt that there was always room for improvement although there was obviously the issue of capacity and resources as providing support for over one thousand VCS organisations, with their huge variety of purpose, organisation, experience, understanding and ambition was a massive undertaking. He recognised that resources were limited: the Community Sector Unit only had a very small team of officers, as did VAL, to undertake this work, alongside the range of other tasks that they were required to perform. However, he felt that there was excellent co-operation between the Community Sector Unit & VAL, and with other organisations whose work contributes to providing support, and they were constantly looking for new, better and more cost-effective ways of delivering support. He felt that the support provided was good, considering the limit of the resources currently available, although the support provided fell short of the level of support that, ideally, was needed for the sector as a whole.

52. We also noted Rita's comments about the support her organisation had received, noting the assistance that the nursery had received in relation to achieving Investors in People; and more recent training on financial risk management.

53. We noted Rachel's comment that, if there was one thing she could change about the new arrangements it would be the timing of the decision to award funding. Organisations were currently told in February, which she felt was too late. Following the session, we were advised that organisations were advised of their draft allocation in January and final allocation in February, for the financial year starting in April.

54. Taking into account the evidence received on benefits for VCS organisations, It is our view that three year funding is of enormous benefit to organisations. However, the system could be improved by informing VCS organisations of their grant allocation earlier in the financial year to assist in forward planning, although we recognise that the budget timetable is a constraint. We also feel that the issue of including pension contributions in salary costs should be further investigated.

Recommendations:

The VCS would benefit from earlier notification of grant awards and tapering levels and more flexibility in terms of staff pension contributions. We recommend that:

1) The Council advises organisations of the decision to award funding and the level of tapering for year 2 onwards if applicable, at an earlier stage, if possible.

2) The Mayor investigates the costs and benefits of including pension contributions in salary costs and reports on this to the Safer Stronger Communities Select Committee.

Benefits for the community

55. One of the aims of our review was to ensure that the outcomes achieved through the grant funding programme helped fulfil corporate and sustainable community strategy priorities and that funding was supporting the VCS to produce significant and tangible benefits for the local community. It is important that the Council is able to demonstrate the 'golden thread' between its priorities and the allocation of funds to the third sector. We recognise that the Council not only needs to make this clear to itself, but to the Audit Commission, partners and the general public.

56. In order to be eligible for funding in 2008/09, organisations needed to demonstrate how they contributed to the Council's Community Strategy priorities. However, since the 2008/09 criteria were agreed the Sustainable Community Strategy was adopted and as part of the monitoring and review process for the new three year funding, outcomes were reviewed to ensure they contributed appropriately to the new strategy. Our review therefore considered the extent to which funded

organisations had been/would be briefed on the Sustainable Community Strategy and the extent to which the outcomes achieved by the VCS directly supported strategic priorities, to ensure that appropriate benefits were being realised for the community.

57. At the evidence session held on 7 October 2008 we heard that, when applications for funding were assessed, a number of questions were put to organisations, via the application form, to help officers ascertain the quality of the services provided by the organisations seeking funding. This aimed to ensure that the community benefited from the funding provided by the Council to the greatest possible extent. In addition, we heard that the monitoring process allowed officers to check that the targets which had jointly been agreed by the Council and the organisation were being met. As stated earlier, officers felt that the Council was very clear on what it wanted funding to achieve and that the new capacity building programme and the support being offered to organisations to become as robust as possible, was further improving the quality of the services provided to the community.

58. We heard that the monitoring process was designed to allow officers to assess the impact of the grants provided as well as identifying support and capacity building needs. A major element of the monitoring visits was checking that agreed outcomes were being met. More generally, the processes involved in the monitoring system encouraged officers to consider what would happen if the council removed funding for an organisation – what would be the impact on services?

59. However, we also heard that a more consistent approach to capturing feedback from service-users would be beneficial in ensuring that the services provided by funded organisations benefited the community in the best possible way. We noted that whilst some organisations did capture the views of the beneficiaries of the services they provided, others did not. It was clear that there was not a systematic and consistent approach to capturing feedback from service users across the VCS. We noted that officers did ask organisations how they involved service users in the development of their services and that a service user (together with a representative from the organisation and a representative from the organisation's management committee) was present at each monitoring review meetings. However, the Council did not actively seek feedback from the users of services provided by the organisations it funded.

60. We queried why the Council funded the third sector to provide services for the local community rather than providing the services itself. We were informed that a major advantage of the VCS was that it could reach hard-

to-reach residents and provide non-statutory services which were very beneficial but which the council was not in a position to provide. The VCS could also react very quickly to changing circumstances and could also add a lot of value, as charities tended to have a high percentage of highly committed individuals working for them. The VCS was also very accessible and did a lot of outreach work on the ground.

61. Following the session on 7 October 2008, we requested further written information on how the funding assessment criteria specifically supported the local ChangeUp plan and we were told that all applications for funding were considered against agreed assessment criteria and there were specific criteria around investing in the infrastructure of the voluntary and community sector to allow better quality services to be provided to the community. The criteria for funding were based on the key themes within the Sustainable Community Strategy and under the 'empowered and responsible' theme, criteria around infrastructure and the local ChangeUp plan were specifically included.

62. At the evidence session held on 9 December 2008 we heard directly from the VCS. We asked about the benefits that were being delivered to the community by VCS organisations and we heard that, in VAL's opinion, the third sector was thriving in Lewisham and making a huge contribution to the borough. Martin felt that the sector in Lewisham was particularly good at working in partnership with other organisations (especially statutory partners) which benefitted the local community. However, the VCS in Lewisham was not complacent as there was lots of potential to develop further.

63. Rachel Braverman provided us with some written information following the session, informing us that advice makes a huge difference to people's lives, particularly those experiencing poverty and discrimination, and that every year, the CAB helps thousands of people to claim benefits, challenge unscrupulous employers, get out of debt and stay in their homes. Furthermore, the knock-on effect of getting help with practical problems was huge. Rachel suggested that (a) there is a recognised link between poverty/poor housing and health, so good advice can help people become healthier and, a the very least, help reduce stress levels; (b) correct advice about in-work benefit entitlements can help people get into employment; and (c) getting debts under control can greatly help families, as financial pressures can have a huge impact on relationships. We were also informed that Lewisham CAB had recently started to measure outcomes, thanks to their electronic case recording system; and they recorded £172,924 financial gains for their clients during the third quarter of the 2008/09 financial year (October – December 2008).

64. Following the session in December, Martin provided some written

information on the action being taken to ensure that the targets relating to the LAA indicator 'environment for a thriving third sector' were being met. We were interested in this work as a thriving third sector was needed in order to ensure that the local community was benefiting from the services that a successful third sector offers. We heard that, nationally, each Local Authority area would be measured on the basis of a Mori survey question: how do the local statutory bodies in your area influence your organisation's success? We were informed that a lot of 'positive' or 'very positive' answers were needed to score well and that this would set a new baseline. However, Martin felt that as the survey was conducted in a random manner and the survey question did not reflect the complexity of VCS/statutory relationships, the process was highly flawed and would not produce a reliable assessment[11]. Nevertheless, we were pleased to note that the survey had resulted in Lewisham being rated as fourth in the list of respondents feeling that their Local Authority supported the third sector, behind Blackburn, St Helen's and Telford.[12]

65. Despite the problems in measuring this indicator, we heard that the Stronger Communities Partnership Board (SCPB) which 'owns' the indicator, was determined to develop its own programme for achieving the best possible outcomes for Lewisham. An away day had been held devoted to this topic and the issue featured highly on the Board's work programme for 2009. The Board had identified nine elements that it believed to be crucial for achieving a suitable environment for a thriving third sector[13] and work would be undertaken to map the present state of play and develop an action programme to progress and improve, against each of the elements.

66. We considered the extent to which VCS organisations felt they understood corporate and sustainable community strategy priorities and how useful they felt the information being provided to them in relation to these priorities was. We heard from Martin that it was a very varied picture, which was not surprising given the varied nature of the sector. He felt that were some VCS organisations that had a great deal of information and knowledge about the strategy and its priorities and, at the other extreme, organisations that had

---

11. Martin is a member of the East London Network of Councils for Voluntary Service (ELN) which is having discussions with a senior official at the Office of the Third Sector on the 'environment for a thriving third sector' indicator. He is hopeful that, in the long term, more reliable methods of measuring this indicator will be developed.

12. See: http://www.guardian.co.uk/society/table/2009/jan/28/voluntary-sector-local-government

13. The nine elements were partnership between third sector and statutory bodies; respect for the independence of third sector organisations; recognition of the diversity of the sector; investment in the sector; opportunities for dialogue; recognition of the role played by volunteers; recognition of the value of services provided by third sector organistaions; opportunities for local communities to influence policy & develop and manage resources; and effective links with business & private sector (January 2009).

barely heard of the strategy or had not begun to understand the relevance of the strategy to their work. He suggested that in many ways it was a 'painting the Forth Bridge' scenario. Considerable work had been done, training on understanding outcomes/outputs and how to link this with the Sustainable Community Strategy would be undertaken in November 2008; and the Children and Young People (CYP) Directorate, VAL's CYP Voluntary Forum, the Community Services Directorate, VAL's Community Health & Social Care Forum, the ChangeUp programme and the work of the SCP Board were achieving a lot, but much more remained to be done. Whilst good information was available, it required work, often on a one-to-one basis, for organisations to understand its relevance. Martin also felt that it should be recognised that many VCS organisations had existing commitments, for example through agreements with other funders, that might not coincide fully with Council priorities.

67. We considered the extent to which VCS organisations felt they captured feedback from the people who used their services. We noted that the nursery captured feedback through its Parent Forum, Surveys and inspection by Ofsted. They also had a 'Key Person' system within the nursery which allowed parent and carers to meet with a particular staff member regularly for reviews of their children and to provide feedback. There was also a complaints process within the nursery. Rachel informed us that her organisation conducted an annual client feedback survey. Their last report showed that clients found their service to be good and effective overall[14]. They appreciated both the advice/ information and the manner in which it was given. The main criticism was of the long queues, but the organization felt that clients recognized that these were the result of huge need and limited resources. 14.4% of respondents said that they had too few staff/needed more staff. Rachel felt that a significant number of their clients turned to the CAB because either there was no help available elsewhere or they had received a poor service somewhere else. They particularly liked the way her organisation offered advice and every single respondent thought the advisers were helpful.

68. After taking the evidence presented on benefits for the community into consideration, it is our view that:

- Refining the criteria for funding to make it more specific, will allow the Council to signal the services it wants to be provided for the community, in line with the priorities identified through mechanisms such as the annual residents survey.

- Formal mechanisms to capture feedback from the beneficiaries of VCS

---

14. 95.5% of their clients thought their service was very or quite good.

services will ensure that services are targeting residents' needs and will ensure that the community benefits of funding are maximised. The Council currently has no formal mechanism for capturing feedback from the users of VCS services and whilst some VCS organisations do have mechanisms of some sort to capture feedback, some do not have any formal systems. In terms of VCS organisations capturing feedback, the method used should be appropriate to the organisation and should be agreed in consultation with the VCS organisation and the Community Sector Unit.

Reviews

69. Two reviews took place in 2008/09 which were relevant to our consideration of how the funding process benefited the community and helped support corporate and sustainable community strategy priorities. The first review considered advice and information services. In view of the importance of these services in assisting local residents, particularly those who are vulnerable, we noted that the Council funded a number of organisations that provide advice services across the borough. However, as there was a high demand for advice provision in the borough, requests for funding far outstripped the Council's capacity to fund these groups. Officers therefore reviewed the advice and information services being offered in the borough and reported to Mayor and Cabinet (Contracts) on 17 September 2008, including a draft service specification that would be used to determine the three year funding of advice and information services from April 2009. We noted that the VCS had been consulted on the process and involved in identifying the advice and information needs in the borough.

70. At the evidence session held on 7 October 2008 we queried why there was a presumption that advice and information services in the borough should be provided by the third sector. We noted that some non-third sector organisations did provide advice and information services at a specialist level in the borough and that the Legal Services Commission currently funded a number of private sector organisations providing advice and information services at a specialist level in Lewisham. However, there was also a need for other information and advice services at a generalist as well as a specialist level and these were currently provided by VCS organisations which the council funded.

71. At the evidence session on 9 December, Rachel Braverman explained that her organisation had been awarded three year funding following the review of Advice and Information Services. She felt that the process had worked well and that the needs analysis carried out as part of the review had been very useful and Lewisham CAB had been consulted on this.

72. The second review considered tapered funding and focussed on youth arts provision in Lewisham in order to ensure that provision was meeting local needs and that value for money was being obtained. At the session on 7 October 2008, we noted that efficiency savings of approximately £12,000 were anticipated, to be sought across the recommended portfolio of funded youth arts organisations from 2009/10. Following the evidence session held on 7 October 2008, we received the report on youth provision and noted that all youth arts groups were fully consulted on the priorities identified in the youth arts review and were monitored and assessed against the criteria.

73. We noted that both reviews had helped the Council to identify gaps in service provision and had allowed officers to target those gaps to ensure that the community benefited from a more comprehensive service provision. For example, the review into advice and information services had included a needs analysis and the subsequent service specification was consequently very clear on the type of services to be provided to ensure that all needs were met. We therefore wondered if, rather than conducting a series of specific reviews to identify gaps in particular types of services, work should be carried out to identify gaps in all the services currently provided in Lewisham. We felt that the list held by Voluntary Action Lewisham of all the VCS organisations in the borough could be used to plug gaps in service provision identified by the council, either by encouraging appropriate organisations to apply for grant funding from the council to provide those services or possibly through the council commissioning appropriate services if the gap is wide and the need is great.

Recommendations:

The Community would benefit from a better spread and balance of services provided by the VCS, informed by their feedback. We recommend that:

1) The Council seeks to identify gaps in the services currently provided in Lewisham and uses the list of all the VCS organisations in the borough held by Voluntary Action Lewisham to plug any identified gaps in service provision.

2) The criteria for funding is used more proactively by the Council to signal the services it wants provided by the third sector.

3) A formal mechanism to ensure that the council captures feedback from users of the services provided by funded organisations is developed.

4) Formally capturing feedback from service users is a requirement placed on all VCS beneficiaries of council funding.

Recommendations

Our recommendations are set out below. We have also outlined how we intend to measure whether they have been implemented, should they be approved at Mayor & Cabinet.

We expect our recommendations to be fed into the review process for the new three year funding arrangements.

Recommendations

1. Although significant improvements have been made to the funding application process (via revised forms and criteria), we recommend that the process is further improved by:

(a) Making all the forms available online.

(b) Holding all the information on VCS organisations electronically.

(c) Strengthening the linkages between the Year One, Year Two and Year Three application forms.

2. There is still work to be done on fully assessing the quality of the services being provided by funded organisations and making sure that funding is achieving its objectives and making a difference. We recommend that:

(a) Unit costs are considered as part of the application process, wherever possible, to ensure that value for money is being achieved.

(b) Monitoring visits are more comprehensively and consistently recorded and the quality of the meetings made more consistent across the board.

(c) The Safer Stronger Communities Select Committee is provided with more information on the results of monitoring reviews and the outcomes achieved.

(d) The level, purpose and objectives of the support offered to third sector organisations is reviewed and a more explicit test of whether the level of support offered nullifies the benefits of providing services through the VCS, is introduced. (We recommend that the Mayor & Cabinet requests a report on the types and level of support offered to organisations, the duration of that support, the effect on the organisation and the improvement in services resulting from that support, backed by evidence).

3. The VCS would benefit from earlier notification of grant awards and tapering levels and more flexibility in terms of staff pension contributions. We recommend that:

Recommendations

(a) The Council advises organisations of the decision to award funding and the level of tapering for year 2 onwards if applicable, at an earlier stage.

(b) The Mayor investigates the costs and benefits of including pension contributions in salary costs and reports on this to the Safer Stronger Communities Select Committee.

4. The Community would benefit from a better spread and balance of services provided by the VCS, informed by their feedback. We recommend that:

(a) The Council seeks to identify gaps in the services currently provided in Lewisham and uses the list of all the VCS organisations in the borough held by Voluntary Action Lewisham to plug any identified gaps in service provision.

(b) The criteria for funding is used more proactively by the Council to signal the services it wants provided by the third sector.

(c) A formal mechanism to ensure that the Council captures feedback from users of the services provided by funded organisations is developed.

(d) Formally capturing feedback from service users is a requirement placed on all VCS beneficiaries of Council funding.

Recommendations

This chart outlines how we intend to measure whether our recommendations have been implemented, should they be approved at Mayor & Cabinet.

Key

Prioritisation: ST – Short term (requiring action immediately); MT – Medium term; LT – Long term

Responsibility: M – Mayor; ED - Executive Director; PO - Partner organisation

Evidence Base: O - Evidence received from officers; GP - Evidence received from "good practice"; VG - Evidence received from voluntary groups

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
Funding application forms to be made available online	MT (to be in place by the 2010/11 funding year)	Executive Director for Community Services	O	Work currently being undertaken with Sunguard to make the application forms available online to be completed in the 2009/10 municipal year	All application forms [for three year funding (year one); (ii) confirmation of three year funding (year two and year three); and (iii) three year funding for the provision of Advice and Information Services] will be available online and all VCS organisations encouraged to complete their application online.
All information held by the CSU on VCS organisations to be held electronically.	LT (to be in place by the end of the 2010/11 funding year)	Executive Director for Community Services	VG	An electronic database to be created to hold all the information on VCS organisations that the CSU collects.	Appropriate method of storing information electronically will be implemented. All information will be kept up-to-date. Duplication in information requests will be significantly reduced.

Recommendations

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
The linkages between the Year One, Year Two and Year Three application forms to be strengthened.	MT (to be in place by the 2010/11 funding year)	Executive Director for Community Services	VG	Application forms to be reviewed and revised. The Year Two and Year Three application forms to require organisations to provide updates and progress reports in relation to the information requested and provided in the Year One form. The length of the Year Two and Three forms to be reduced. All forms to be more closely linked to the traffic light monitoring system.	Year Two and Three forms will not request information already provided in the Year One form or information that is unrelated to the information requested in the Year One form. The length of the Year Two and Year Three forms will be reduced.
Unit costs to be considered as part of the application process, wherever possible.	MT (to be in place by the 2010/11 funding year)	Executive Director for Community Services	O	Officers to request unit cost information as part of the application process, unless the nature of the services being provided make this inappropriate.	Value for money will be improved.
Monitoring visits to be more comprehensively and consistently recorded and the quality of the meetings made more consistent across the board.	ST (to be implemented during 2009/10)	Executive Director for Community Services	O	Comprehensive protocol covering monitoring visits to be developed.	A new protocol which ensures that Monitoring visits are recorded in a standard and comprehensive way will be implemented. The content of meetings will be consistent across the board and of a high quality.

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
The Safer Stronger Communities Select Committee to be provided with more information on the results of monitoring reviews and the outcomes achieved.	ST (to be implemented during 2009/10)	Executive Director for Community Services	O	Information arising from monitoring visits to be regularly supplied to the Safer Stronger Communities Select Committee.	The Safer Stronger Communities Select Committee will receive regular information on the results of monitoring reviews and the outcomes achieved, and make appropriate recommendations.
The level, purpose and objectives of the support being offered to third sector organisations to be reviewed.	MT (to be in place by the 2010/11 funding year)	Executive Director for Community Services / Mayor	O	Officers to prepare a report for M&C on the types and level of support offered to organisations, the duration of that support, the effect on the organisation and the improvement in services resulting from that support, backed by evidence. Officers to explore how the Council might test whether the level of support offered to a VCS organisation nullifies the benefits of funding that organisation to provide certain services.	Mayor & Cabinet will consider the officer report and decide if the level of support offered to some VCS organisations should be altered.

Recommendations

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
The Council to advise organisations of the decision to award funding and the level of tapering for year 2 onwards if applicable, at an earlier stage.	ST (to be implemented during 2009/10)	Executive Director for Community Services	VG	Officers to consider if organisations can be notified of final funding awards prior to February and how any budget timetabling constraints might be overcome.	Organisations will be advised of funding awards (and tapering levels) before February.
The Mayor to investigate the costs and benefits of including pension contributions in salary costs.	MT (to be in place by the 2010/11 funding year)	Executive Director for Community Service/Mayor	VG	Officers to prepare a report for M&C on the feasibility and resource implications of including pension contributions in salary costs. The Safer Stronger Communities Select Committee to be informed of the report findings and asked to comment.	Mayor & Cabinet to consider the officer report and decide if pension contributions can be included in salary costs. Mayor to report his decision to the Safer Stronger Communities Select Committee.

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
The Council to identify gaps in the services currently provided in Lewisham and use the list of all the VCS organisations in the borough held by Voluntary Action Lewisham to plug any identified gaps in service provision.	LT (to be in place by the end of the 2010/11 funding year)	Executive Director for Community Services	O	Officers to review the services currently provided in Lewisham to identify gaps and report to M&C on the actions that might be taken to plug the gaps. (The list held by Voluntary Action Lewisham of all the VCS organisations in the borough could be used to plug gaps in service provision identified by the council, either by encouraging appropriate organisations to apply for grant funding from the Council to provide those services or through the Council commissioning appropriate services.)	Mayor & Cabinet to consider the officer report and take appropriate action. Gaps in provision to be reduced. Community to benefit from a better spread and balance of services.
The criteria for funding to be used more proactively by the Council to signal the services it wants provided by the third sector.	MT (to be in place by the 2010/11 funding year)	Executive Director for Community Services	O	Funding criteria to be reviewed and made more detailed to ensure that the Council's priorities are fully reflected in the services funded.	Revised criteria to be implemented. Services provided by funded VCS organisations to be those identified by the Council as high priority services.

Recommendations

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
A formal mechanism to ensure that the Council captures feedback from users of the services provided by funded organisations to be developed.	MT (to be in place by the 2010/11 funding year)	Executive Director for Community Services	O/VG	Officers to develop an appropriate method of capturing feedback from the beneficiaries of the services provided by Council funded VCS organisations.	A formal mechanism for capturing user feedback to be implemented. Services provided by funded VCS organisations to reflect the needs of the community.
Formally capturing feedback from service users to be a requirement placed on all VCS beneficiaries of Council funding.	MT (to be in place by the 2010/11 funding year)	Executive Director for Community Service/Mayor	O/VG	Officers and funded organisations to agree a method of capturing feedback from service users appropriate to the organisation being funded.	All funded organisations to capture feedback from service users. Services provided by funded VCS organisations to reflect the needs of the community.

Glossary

CAB   Citizens Advice Bureau

CYP   Children and Young People

LAA   Local Area Agreement

LISA   Lewisham Information Sharing and Assessment system

Ofsted   the Office for Standards in Education

Pqasso   Practical Quality Assurance System for Small Organisations

SCPB   Stronger Communities Partnership Board

VAL   Voluntary Action Lewisham

VCS   Voluntary and Community Sector

Appendices

Appendix A: Acknowledgments

The Committee would like to thank the following for their contributions to the review:

External witnesses:

- Martin Howie, Director of Voluntary Action Lewisham
- Rachel Braverman, joint Chief Executive of Lewisham Citizens Advice Bureau
- Rita Pretty, Centre Manager, Playhouse Community Nursery

Council officers:

- Sandra Jones, Head of the Community Sector Unit, LBL
- Sue Stockwell, Senior Special Projects Officer for Community Services
- Liz Dart, Interim Head of Community and Neighbourhood Development
- David Verney, Accountant (Community Sector Unit)

Appendix B: Minutes of the evidences session held on 7 October 2008

3. Review: Voluntary Sector Grant Funding – evidence session one

3.1 The Head of Special Projects in Community Services introduced the report, which provided information on:

- the national and local policy context impacting on the funding framework

- Lewisham's approach to three year funding (and the review which led to the establishment of the new approach)

- the monitoring process

- the Key Lines of Enquiry (KLOE) identified by the Public Accounts Select Committee.

3.2 The committee asked, and received answers to, the following questions (summaries of the responses given can be found beneath each question):

3.3 How have the concerns put forward by the Voluntary and Community Sector (VCS) in relation to the new funding arrangements been addressed?

The new three year funding arrangements were introduced following consultation with a variety of stakeholders including the VCS and the concerns put forward by the VCS were acted upon. For example, following concerns expressed around the length of time being allowed for organisations to implement Quality Assurance Systems, the time was extended from one to two years. All the organisations consulted, bar one, welcomed the new arrangements. It was surmised that the one organisation that had been against three year funding was possibly resistant to change. Tapered funding was also a concern for a number of organisations, so these organisations were offered appropriate specific support.   In addition, two of the organisations that appealed had their appeals upheld, one of which was against tapered funding.

3.4 Do the funding arrangements place too heavy a bureaucratic and financial accounting burden on small organisations?

The monitoring process is, in part, used to assess areas for development in organisations and offer appropriate support and capacity building. Voluntary Action Lewisham offers finance training to those organisations in need of improving their skills in this area through a community accounting project (funded by the council and London Councils). Other

examples of support offered include a business advisor supporting early years organisations and a pilot project (funded by the business advice service) to support five community organisations with intensive and customised business support geared towards reducing their dependence on grant aid.

3.5 What is new for funded organisations in terms of the new arrangements?

To some extent the new monitoring process will feel new to funded organisations and they will feel its impact. The process allows for a more consistent approach to monitoring with a twin focus on (a) service delivery (meeting targets and achieving outcomes); and (b) capacity building (increasing the robustness of organisations). The new traffic lights system (based on a self-assessment), which was developed with the VCS, assists in clearly identifying what is needed to allow 'red' and 'amber' organisations to move up to 'amber' or 'green' and is a new feature. Where a number of organisations are identified as being in need of specific support, relevant training can be provided. There is also the possibility that an organisation can be paired with another organisation with expertise in that area and offered mentoring. Although the self-assessment is 'new' paperwork, feedback from the VCS indicates that it has been welcomed and helps organisations focus on problem areas. It could also be said that the self-assessment requires different information rather than extra information, so does not necessarily increase the bureaucratic burden on organisations. Similarly, the drive for more consistency in book-keeping is not necessarily a new requirement although it is being more consistently enforced.

3.6 Does the support being offered to funded organisations require the deployment of additional council resources?

The Community Sector Unit is deploying its resources in a different way, with a shift towards capacity building and away from annual grants administration.

3.7 How do you quantify the quality of service that an organisation provides and assess whether or not it is delivering value for money?

When applications for funding are assessed, a number of the questions put to organisations via the application form seek to ascertain the quality of the services provided. In addition, the monitoring process allows officers to check that targets (jointly agreed by the Council and the organisation) are being met. The Council is very clear on what it wants funding to achieve. For example, the service specification arising from the

review into advice and information services sets out very clear criteria for the type and quality of service expected. In addition, by capacity building and supporting organisations to become as robust as possible, the quality of the services provided can be improved.

In order to ensure that quality is being delivered at a reasonable price, for year on year funding inflation increases are not factored into running costs, meaning that organisations have to make ongoing efficiency savings.

Although unit costs are considered as part of the application process it is often very difficult to compare like with like. For example, the resources needed to provide a service to a disabled child with multiple complex needs will be greater than the resources required for a child without specific needs. Monitoring officers therefore use their expertise to assess whether value for money is being provided in any particular case, taking into account all the variables. Assessing value for money is, to an extent, an inherently subjective process, although officers try to make the process as objective as possible and use a mixture of qualitative and quantitative assessment.

However, it is recognised that there is still work to be done on assessing quality and making sure that funding is making a difference. For example, the quality and recording of meetings could be improved.

3.8 How much of the total budget for funding through the main grants programme is tapered and is there a ceiling (a percentage) for tapering?

There is not a ceiling for tapering – although funding is not generally tapered down beyond core funding (funding for overheads – e.g. admin and support not direct service provision) requirements. Funding is only tapered for organisations that can make efficiency savings and/or have additional sources of funding.

[The figure for the percentage of the total budget for funding through the main grants programme that is tapered would be provided following the meeting].

3.9 Is any benchmarking carried out in terms of the grants the Council offers to organisations compared to those offered by other organisations?

This has not been done to date. Lewisham is in somewhat of a unique position in that it still offers a high level of grant aid, unlike a number of boroughs (although the Community Sector Unit is not aware of any

organisation re-locating to Lewisham in order to benefit from the high level of grants offered).

3.10 Has legal advice been taken to ensure that capacity building exercises do not infringe EU State Aid legislation?

The Council has been advised that capacity building does not give funded organisations an unfair advantage when tendering for contracts. Other sources of funding for each organisation are checked prior to a contract or grant award/capacity building being made/offered.

3.11 Why is there a presumption that advice and information services should be provided by the third sector?

Some non-third sector organisations do provide advice and information services at a specialist level, but the Voluntary Sector Main Grants Programme only funds third sector organisations. The Legal Services Commission currently funds a number of private sector organisations providing advice and information services at a specialist level in Lewisham, whilst the Council funds VCS organisations that provide services at a generalist as well as a specialist level.

3.12 Can grants be suspended, recovered or withdrawn due to concerns about the organisation? What action is taken against organisations scoring 'red' in the traffic lights system?

The Council has the ability to suspend grants if grant conditions are not met. Similarly if an Organisation does not report on its obligations under the Charity Commission, the grant recommendation would include a specific condition that funding would only be released once this obligation has been met. An organisation would need a good reason not to fulfil their obligations on time and still receive a grant.

Should a grant be suspended and a service no longer provided, the council could provide additional funding to a similar organisation to allow them to provide the service. For example, when the law centre was unable to provide the services it usually provided, Evelyn 190 was funded to allow them to provide some of these services, pending the outcome of the information and advice review and subsequent grants process.

3.13 Does the Council ever recover grant money if it is misspent?

It depends on the reason for the suspension. In the case of fraud/money mismanagement, steps would be taken to recover the funding.

3.14 The application form appears to be very old fashioned. Are steps being taken to update it and make it available online.

The form is currently being updated in consultation with the VCS and the committee's comments on the wording and layout will be taken on board. The Community Sector Unit is working with Sun Guard to make the form available online, although a number of local voluntary organisations do not have computers and prefer to complete the form by hand. It is hoped that the online version of the form will help force the quality of the data supplied by not allowing applicants to proceed until the relevant information has been supplied.

3.15 How are the services provided by the VCS monitored and gaps identified?

One way of doing this is through reviews. For example, the review into advice and information services included a needs analysis and the subsequent service specification is very clear on the type of service to be provided.

3.16 Does the Council fund organisations to the extent of the need identified in Lewisham, or beyond if they provide very high quality services/operate in different boroughs?

It depends on the amount of money available to spend. Nevertheless, the criteria does require a certain level of provision and a percentage of beneficiaries residing in the borough is also required. (e.g. 85% of the beneficiaries must live in Lewisham).

3.17 Do many funded organisations *expect* to receive funding (i.e. take it for granted)?

There has been a sea-change recently (with the advent of three year funding) and organisations have begun to think more about outcomes and are encouraged to seek alternative sources of funding.

3.18 Why does the Council fund the third sector to provide services rather than provide the services itself?

The VCS can reach hard-to-reach residents and provide non-statutory services which are very beneficial and which the council is not in a position to provide. The VCS can also react very quickly to changing circumstances and can add a lot of value (as charities tend to have a high percentage of highly committed individuals working for them). The VCS is also very accessible and does a lot of outreach work on the ground.

3.19 How is the impact of a grant assessed?

The monitoring process checks that agreed outcomes are being met. More generally, officers consider what would happen if the council

removed funding for an organisation – what would be the impact on services?

Elected Members can be provided with more information on the results of monitoring reviews and the outcomes achieved so they are clearer about the impact of grant funding.

3.20 Do service users have any input into the review process?

A more consistent approach would be beneficial. Some organisations do capture the views of the beneficiaries of the services that they provide, but there is not necessarily a systematic and consistent approach. Officers do ask organisations how they involve service users in the development of services and a service user (together with a representative from the organisation and the organisation's management committee) is present at the review meetings. However, the Council does not actively seek feedback from the users of services provided by funded organisations.

3.21 Does Mayor & Cabinet decide in principle how a VCS service should be delivered?

Mayor & Cabinet agrees the criteria for funding put forward by officers and the criteria can affect how a service is delivered. In relation to information and advice services, a service specification has been developed.

3.22 Is there any common criteria between the Localities Fund and the Voluntary Sector Funding Main Grants Programme?

It is acknowledged that there is more work to be done in establishing links between the Community Sector Unit and the team administering the Localities Fund.

[It was agreed that a written response providing information on the criteria for funding from the Localities Fund would be provided.]

3.23 What are the different Quality Assurance options being recommended to the VCS?

Different options are being pursued, scaled to take into account the size and level of risk associated with each organisation. For example 'Big Picture' is an option for smaller organisations; and 'Pqasso' (Practical Quality Assurance System for Small Organisations) for slightly larger organisations. The Quality Mark, Matrix and Investors in Volunteers are also used when appropriate.

3.24 How does the Council balance offering support to struggling

organisations with ensuring that quality services are provided by quality organisations?

Many organisations can improve to become highly successful organisations with the right support. Minor changes (e.g. a change on the management committee) can affect an organisation significantly and the right support can help them weather such storms without a detrimental effect on services. Officers make a professional assessment on whether support will enable an organisation to come up to an acceptable standard. In addition, in future years, once the new robust monitoring approach is embedded, less support will be required.

3.25 Are any new organisations applying for funding?

A few new organisations were funded in 2008/09. It is expected that the tapering of some funding will in turn release some money which can be used to fund new organisations.

3.26 What impact has three year funding had on funded organisations - have their aims and objectives been affected?

Organisations look at the variety of sources of funding on offer and apply for ones that marry with their aims and objectives. However, it is possible that organisations might adapt their aims and objectives in order to qualify for funding. When new organisations apply for funding, their track record is therefore considered and any dramatic changes in the organisation's aims and objectives are noted.

3.27 A disproportionate number of charities have their head offices in Camden and Islington. Does the Council have a policy to attract charities to base their Head Office in Lewisham?

The Council does not have such a policy – Lewisham has a limited supply of appropriate units and there is little demand because there is little space.

3.28 How is scrutiny involved in the grants programme – does the Safer Stronger Communities Select Committee receive sufficient notice of the applications that the Council is minded to reject?

The Safer Stronger Communities Select Committee is fully involved in every stage of the grants making process. For example, last year the Committee expressed concerns about the proposed withdrawal of funding for the Toy Library, and the officer recommendation to withdraw funding was overturned by Mayor and Cabinet.

3.29 It was confirmed that (a) Voluntary Action Lewisham held (and actively

maintained) a list of all the VCS organisations in the borough; (b) in addition to grant funding through the main grants programme, the Council commissioned some services from the third sector; and (c) equalities data was collected on all funded organisations to ensure that they were meeting the needs of the communities they served.

3.30 The following views were expressed by individual Members of the Committee:

- The Council should signal more clearly the services it wants provided by the third sector via the criteria that it sets for funding.

- The conflict between the objectives of (a) creating a thriving third sector and (b) ensuring that quality services are provided to local residents has not been fully resolved. The level of support being provided to the third sector suggests that the services they provide might not be of the highest quality. Furthermore, organisations reliant a high level of council support may no longer display the key characteristics of third sector organisations that make these organisations valuable and worth funding (innovative, flexible etc.).

- The application form should be more robust and require more detailed information; and the wording of the questions should be more precise with steps being taken to verify the information supplied.

- The list held by Voluntary Action Lewisham of all the VCS organisations in the borough should be used to plug gaps in service provision identified by the Council (by encouraging appropriate organisations to apply for grant funding or possibly through a commissioning process).

- There should be a bias towards those VCS organisations that work in partnership with other organisations. (It was noted that the service specification for advice and information services asked organisations to evidence partnership working; as did the small grants scheme).

- A more rigorous approach to performance management and quality assurance should be pursued and embedded.

3.31 **RESOLVED**: That the information provided be noted and fed into the committee's final report; and that any questions not asked during the session due to lack of time, be forwarded to officers for a written response.

Appendix C: Minutes of the evidences session held on 9 December 2008

3. Review: Voluntary Sector Grant Funding – evidence session two

3.1 The Chair welcomed Martin Howie (MH) from Voluntary Action Lewisham, Rachel Braverman (RB) from Lewisham Citizens Advice Bureau and Rita Pretty (RP) from the Playhouse Community Nursery to the meeting. It was noted that the purpose of the session was to consider the new three year grant funding arrangements from the perspective of the Voluntary and Community Sector (VCS), focussing on (a) their experience of the consultation process prior to implementation; (b) the support being provided to the VCS in relation to the new arrangements; and (c) the benefits or expected benefits of the new arrangements for the VCS and the community.

3.2 MH gave a brief description of the role and purpose of Voluntary Action Lewisham (VAL) and explained that funding from the Council's main voluntary and community sector grants programme represented approximately 15% of VAL's income. In response to a question from the Chair, MH suggested that, overall, the VCS in Lewisham seemed to understand the grants process pretty well and that the move to three year funding was very welcome. It offered stability, and although the allocation was, understandably, reviewed every year, it still allowed for long term planning and was having a positive effect on staff recruitment. When asked if the move to three year funding had been well advertised, he indicated that, although he couldn't say that every VCS organisation in the borough was aware of the move, he felt it had been well advertised and that the organisations that had been applied for funding had been supported and provided with comprehensive information on the new arrangements with a full explanation of the process.

3.3 RP outlined the work of the Playhouse Community Nursery and explained that the grant her organisation received paid for the salaries of four members of staff. The Nursery had received three year funding last year (with tapering) but had recently had to complete a shorter form to confirm the allocation for the next year. It was noted that the new arrangements awarded three year funding in principle and that the eligibility to receive funding was re-checked each year. RP felt that the new process was clear and had been implemented in a supportive way.

3.4 RB outlined the work and role of Lewisham Citizens Advice Bureau (CAB) and explained that her organisation had been awarded three year funding following the review of Advice and Information Services carried out by the Community Sector Unit. Her organisation understood the process well,

although, as a mainstream organisation with support from a central office, they were experienced in terms of funding arrangements and knew what to expect. She remarked that the needs analysis carried out as part of the review had been very useful and Lewisham CAB had been consulted on this. Having to complete a form each year despite having three year funding awarded was an administrative burden, but was a justifiable and understandable aspect of a professional funding scheme which had to be accountable and ensure value for money. She noted that previously, the application form had focussed more on inputs. It now focussed more on outputs and outcomes which, in her opinion, was sensible. She noted that the CAB would have preferred a contract so it could claim back Value Added Tax (VAT), although she recognised that the fact that Lewisham still provided significant grant aid was welcomed by a large number of organisations and was increasingly unusual amongst local authorities.

3.5 MH concurred that Lewisham's grant funding was very welcome, it could be used to fund core costs and it enabled organisations to generate funding from elsewhere. The Chair asked if target costs for outputs were requested as part of the application process. MH responded that they were not and that, in his opinion, they would unnecessarily complicate matters.

3.6 Councillor Padmore asked MH for details of VAL's staffing structure and how the organisation monitored the organisations it represented and supported. It was noted that VAL had 16 full time posts (12 female staff and 4 male staff) and approximately 20 volunteers. The staff were ethnically mixed, as detailed in full on the application form. In terms of monitoring VCS organisations, it was noted that staff focussed on particular areas (e.g. there was a Children and Young People Officer who was in email contact with 529 groups). Forums were also held and at a recent forum in March 2008, 90 organisations attended. Officers would disseminate information to VCS groups and bring information back and there were also newsletters and training courses. A number of organisations were also incorporated into the Lewisham Information Sharing and Assessment (LISA) system.

3.7 MH made the point that VCS organisations in Lewisham varied considerably and that whilst some were highly professional, others were not and getting some organisations to follow strict financial management arrangements and link into sophisticated systems like LISA, required a huge developmental leap and lots of training.

3.8 In response to a question from Councillor Michel, RP explained that her funding was to be tapered but she had not been informed of the extent

of the tapering yet. This was a cause for concern as the funding paid for the salaries of 4 staff and any reduction in funding might have implications in terms of cutting staff hours or cutting staff numbers, although alternative avenues of funding could be considered. The Chair noted that tapering might be used to inspire efficiency savings, although this was difficult when the funding was used to pay salaries. RB suggested that it might be difficult to get funding from other sources if the other sources were aware that the reason behind your application was that your current funding was being tapered. Furthermore council grant funding tended to pay for core costs which was essential as they provided the basis for developing projects and fundraising activity. She suggested that tapering funding for core costs was the opposite of value added – It was value subtracted.

3.9 There was a discussion on VCS staff pension schemes and the following points were noted:

- The Council's main voluntary and community sector grants programme does not include pension contributions in salary costs (which VAL feels is unreasonable)

- VAL contributes to a stakeholder pension scheme for its employees, funded from elsewhere

- The Playhouse Community Nursery encouraged its staff to join the stakeholder pension scheme but could not afford to make employer contributions to it

- Some other Local Authorities did fund pension costs.

3.10 Councillor Griesenbeck asked about the amount of time required to complete the application forms. RP advised that it took her organisation two to three weeks in order to make sure that it was filled in properly and to a high standard and that the nursery's finance officer was involved in the process as some of the information required was quite complex. However, she recognised that it was necessary and that it was a useful process for her organisation as it assisted long-term planning. Additionally, although the renewal form was necessary, her organisation would welcome a shorter version.

3.11 RB commented that it took her organisation a few weeks to complete the form as it was very detailed but there were no irrelevant questions and it was an improvement on last year's forms. The questions were appropriate as organisations needed to demonstrate that they were providing quality outcomes in return for funding.

3.12 MH suggested that the Community Sector Unit was very responsive to comments from VAL and the VCS about the forms and that organisations recognised that they were a necessary requirement of securing funding. However, VCS organisations were all very different and a form that was a good fit for one organisation was not always a good fit for another, although it was accepted that you could not have a multiplicity of forms and that some standardisation was necessary. The Chair suggested that the use of different forms for second tier organisations and direct providers might be beneficial.

3.13 Councillor Muldoon commented that there was no reason why VCS organisations should not be treated as professionally run organisations that should deliver value for money. The witnesses agreed that they should be held accountable for the funding they received.

3.14 In response to a question from the Chair about monitoring visits, RP described the half day visit that her organisation had recently had as having been very thorough but conducted in a supportive manner. It lasted about four hours and she felt that the monitoring officer listened carefully to the information provided. Councillor Michel asked if organisations felt the monitoring officers examined fully the data supplied and drew sensible conclusions from it. RB suggested that the needs analysis conducted as part of the advice and information services review did exactly that. Councillor Michel commented that the Council wanted to achieve value for money and this needed testing, so wondered if officers came back to organisations with questions after thoroughly going through the information provided. MH suggested that this did happen. He felt that the Community Sector Unit did look at the forms and the monitoring feedback and did analyse the information provided. However, there was not a great deal of direct feedback, although this did happen at a later stage, via monitoring visits. He also commented that (a) the data in the application forms provided a useful bank of information for use at a later stage; and (b) the new funding arrangements were still being refined and there was still room for improvements to the form and the data it collected to be made.

3.15 The witnesses discussed how outcomes were measured and RB reported that her organisation used an electronic system developed by the central CAB. RP suggested that her organisation used staff meetings, management reports and the Sage accounting system to measure outputs, and indicated that the nursery was also inspected by the Office for Standards in Education (OFSTED). MH outlined the various ways in which VAL measured outcomes including (a) recording systems for visits to organisations, training courses etc; (b) the preparation of quarterly

management reports for scrutiny by the executive committee; and (c) project reports to funders.

3.16 The Chair wondered if different funders requested different types of information from organisations and if a common application form would be beneficial. The witnesses did not feel that this would be possible.

3.17 The Chair asked the witnesses what they would like to change about the new system if they could. Responses were as follows:

- Getting the decision sooner (February is too late) (RB)

- The application form for renewal of funding (to be filled in annually after three year funding had been granted) needed tweaking (MH)

3.18 RB commented that a good feature of the system was that the Council recognised that other organisations monitored the organisations receiving funding (e.g. the Council looked at the central CAB audit of Lewisham CAB). This helped avoid unnecessary duplication. Another positive feature of the new system was the monitoring visit. This was focussed on outcomes and was also very constructive with officers offering advice and assistance as appropriate. Additionally, the fact that organisations could comment on whether they felt monitoring officer reports were accurate (Lewisham CAB felt that their report was accurate) was a good feature of the system.

3.19 MH indicated that a lot of progress had been made and that the traffic lights element of the new monitoring system was a leap forward and very helpful. In terms of improving the system further it was helpful that the Community Sector Unit were good at listening and receptive to change. RP agreed that improvements had been made and that the monitoring visits were now more thorough and more supportive.

3.20 Councillor Morris asked if the move to three year funding was part of a trend, with a number of local authorities moving in that direction. MH suggested that it varied hugely and that in many cases, local authorities were ceasing to provide grant aid and were moving to commissioning services. The Government was, perhaps, sending mixed messages as it was in favour of both three year funding and commissioning. In response to a further question from Councillor Morris, MH commented that he could not think of any particular disadvantages to three year funding. The stability offered was enormously welcome as fundraising could be very complex with lots of different funding streams, not all operating in the same financial years.

3.21 Councillor Morris asked if VCS organisations were aware of the Council's

new initiative to pay small and medium sized enterprises within ten days. MH indicated that he was aware of the decision and knew that it had been advertised to the sector. It was a welcome initiative but it was too early to assess how it was working.

3.22 Councillor Padmore asked how VCS organisations communicated with each other. MH replied that VAL facilitated discussions between organisations but there were practical difficulties in that many organisations were run by volunteers with full time jobs, so such organisations found it difficult to send representatives to forums etc. RP indicated that a number of community nurseries had formed a group to share ideas and talk to each other.

3.23 Councillor Muldoon suggested that, although there was a need for specialist advice services, the Law Centre had been poorly run. One solution might be for Law firms to partner with VCS advice organisations to offer legal advice for free as part of their 'social responsibility' work. Councillor Muldoon agreed to speak to RB outside the meeting on this matter.

3.23 All three witnesses commented on the professionalism of their staff, following a question from Councillor Padmore. The Chair asked if the third sector was thriving in Lewisham and RB commented that the move to three year funding had helped the VCS to thrive. MH said that he thought the sector was doing well and was making a huge contribution to the borough and was particularly good at working in partnership with other organisations (especially statutory partners). However, the VCS in Lewisham must not be complacent as there was lots of potential to develop further.

3.25 The witnesses were thanked for attending and contributing to the Committee's review.

RESOLVED:That the information provided be noted and fed into the committee's final report; and that any questions not asked during the session due to lack of time, be forwarded to the witnesses for a written response.

Appendix D: Responses to the follow-up questions sent to officers following the session on 7 October 2008

3. *What percentage of the total budget for funding through the main grants programme is tapered?*

    In calculating this figure, included are those awards agreed on 27 February 2008 as well as those being recommended for Mayor and Cabinet Contracts on 25 February 2009. Groups that have been identified for tapering are currently in receipt of approximately 25% of the main grant budget. If all recommendations are agreed, on the 2009/10 budget of £5,069,239 a sum of £225,900 has been identified through tapering (4.5% of the budget) and a similar amount in the following year.

2. *Grants from £500 to just under £500,000 are provided how are the sums awarded arrived at?*

    The grants process is such that an organisation will apply for a grant against the criteria and priorities, indentifying the amount that they consider necessary to enable them to achieve outcomes that they have identified. As part of the assessment process officers will analyse the budget submitted to ensure that it relates to the activities outlined in the application and that it is value for money. This will include looking at the budget structure, benchmarking against similar activities, checking evidence of how the budget was developed and taken on board all relevant aspects e.g. for those organisations giving advice and information, do they have the right indemnity insurance cover, if premises related to they have costings for the relevant insurance and licences, working with children have they allowed for the costs of CRB checks of all those in contact with children (staff and volunteers).

3. *What date will the review into youth arts provision be going to M&C?*

    Youth arts groups were fully consulted on the priorities identified in the youth arts review and were monitored and assessed against thee criteria. The recommendations made with in the report for February 20098 encompass these priorities.

4. *What is the criteria for funding from the Localities Fund?*

    The localities fund is totally separate to the main grants programme and is available to undertake local activities and is not specifically for the voluntary and community sector. The Funds are managed through each assembly who identify their own local priorities for the Fund. General criteria are:

- The engagement of local residents to deliver improvements in their ward via the assembly process and other methods

- Action or activity which directly benefit the local neighbourhood

- Action or activity that will make a visible difference

- Physical, sustainable improvement(s) to the neighbourhood

- 'One off' costs for personnel who will be directly responsible for delivering the improvement, i.e. artists. Funding can not be used to employ staff

- An improvement that can be delivered by 31 March 2009

- The money can be added to funding that has already been identified for a particular activity

5. *What is the balance of funding between organisations directly providing a service and second tier organisations?*

It is not clear cut when identifying second tier organisations, and many have a dual role of providing services as well as supporting other organisations. Below is a list of those that are part of the second tier forum. However, some of these, such as LRN and LDC are funded to also provide specific services to the communities they service, particularly around advice and information services. Similarly other organisations that are not specifically identified as second tier to provide infrastructure support to other organisations.

	2008/09
Lew Pensioners' Forum	43,059
Lewisham Community Transport	46,943
Lewisham Disability Coalition	72,142
Lewisham Refugee Network	86,040
Race Equality Action for Lewisham	156,987
Turning Point	40,000
Voluntary Action Lewisham	144,519
Volunteer Centre Lewisham	54,985
Lewisham Ethnic Minority Partnership	20,000
	664,675
Overall budget -	£5,069,239

Funding to second tier agencies (rather that second tier activities) equates to approximately 13%.

6. Can the committee have the information prepared on capacity building to add to the evidence base for the review?

Please see information copied at the end of this question section.

Other questions:

(a) Ensuring a transparent system – communication with the VCS

The new arrangements

1. *Are unsuccessful applicants informed of the reasons why they were unsuccessful and are they signposted to potential other sources of funding?*

   As part of the funding process, all organisations are sent a copy of the draft officer recommendation sheet which outlines the reasons for the recommendation. They are then given two weeks to respond with :

   - Any factual corrections to the report

   - If they wish to appeal to the committee, an appeal letter which is appended to the report for consideration by Mayor and Cabinet (Contracts). Once the decision are made, all organisations are informed of the decision made.

2. *How are the grants that are awarded publicised?*

   The report , including all assessment reports are on the Lewisham website as part of the governance arrangements.

3. *The report explained how information on the grants programme was communicated to the VCS – how well attended were the surgeries held to assist organisations in making applications? In what other ways were organisations made aware of the assessment criteria and the appeals process?*

   For the current process:

   Information and Advice Services sessions – 8 organisations attended

   General sessions – 6 organisations attended (3 to each session)

   Any organisation unable to make any of these sessions who wanted to discuss the application were invited to meet with officers. Other organisations discussed queries over the phone. The application package clearly identifies the criteria and process.

   Addressing the concerns of the VCS

4. *What specific support is being provided to the VCS in relation to the development of appropriate QA systems (Big Picture, PQASSO etc.) and how is the development of the systems being monitored?*

A training event outlining a number of the different systems was provided, which included presentations and one-to-one sessions. Within CSU one officer is responsible for working with organisations who wish to explore the different systems, and is a resource for officers as well.   Progress on how groups are implementing QAS is part of the monitoring process, and where no progress has been made, grant is subject to evidence that progression is being made.

(b) EEnsuring an accountable system

The new monitoring system

5. *How regularly are monitoring visits made to a funded organisation and what does the visit involve?*

There is at least one formal monitoring visit where the organisation and Council officer work through the traffic light system to discuss the indicators. From this a report is written, including an action plan, and signed off jointly. Follow up meetings are held where appropriate. Officers also attend occasional management committee meetings and drop in visits to the organisation. Committee minutes are submitted to the Council as are regular reports on service delivery where indicated by the Officer.

More regular meetings are made where an organisation is deemed to have areas of concern or in need of support.

6. *Typically, what types of training needs are identified as a result of monitoring visits?*

This is part of the new process and we are currently in the process of identifying training needs.   General issues include governance training (roles of management committee members, understanding legal structures, roles and employers), financial procedures, volunteer management.

7. *How is the information provided in the self-assessment form verified?*

Organisations are asked to provide evidence at the monitoring visit.

8. *Has a grant ever been suspended, recovered or withdrawn due to concerns about an organisation?*

Most recent example is the Lewisham Law Centre for the current year

9. *How many organisations funded in 2008/09 are on annual funding due to concerns about the quality of management and good governance?*

Below identifies those given one year funding and main reason why

Those on one year funding for 2008/09

Artefacts Edutainment	10,000	New to grants programme
Downham (Wesley Halls) Community Association	40,145	Part of premises review
Forest Hill Youth Project/Platform 1	26,080	Issues on the premises (not organisational)
Honor Oak Community Centre Association	32,394	Part of premises review
Lewisham Ethnic Minority Partnership (LEMP)	20,000	Fairly new organisation – being guided by the Lead Officer
Lewisham Way Youth & Community Centre	49,799	Concerns on the organisations viability
Irie! Dance Theatre	55,789	Concerns on the organisations viability
Lewisham Young Women's Resource Project	65,952	Concerns on the organisations viability
Marvels Lane Boys Club	2,700	Concerns on governance
Pepys Community Forum	50,000	One-off grants pending asset transfer
Lewisham Irish Community Centre	41,169	Part of premises review
Ackroyd Community Association	36,108	Some concerns on management as long standing staff member left
Somerville Adventure Playground	101,742	Concerns on governance and management

Supporting the VCS

10. *Can you provide more information on the training events planned for the Autumn (on Quality Assurance and Outcomes)? What will these events entail?*

11. *Specifically, what will the Funders Fair involve?*

See Flyers at the end of this question section.

(c) ΕEnsuring the programme supports organisations and benefits the community

Supporting corporate and sustainable community strategy priorities

12. *How does the council determine the non-statutory services it wants to be provided in the borough and how does it determine who (the council, the VCS or a private organisation) should deliver those services?*

This questions is beyond the remit of the main grant programme. A number of third sector organisations are commissioned to provide services, and would tender for this alongside other providers (stat or private sector). These would be subject to local commissioning and procurement frameworks.

13. *In what way does the funding assessment criteria support (a) corporate and sustainable community strategy priorities and (b) the local ChangeUp plan?*

The category criteria for funding are as outlined below, and are specifically around the sustainable community strategy. Under 'empowered and responsible', infrastructure and Change up are specifically included.

Sustainable Community Strategy	Funding stream – organisations that can demonstrate that:
Ambitious and achieving; where people are inspired and supported to fulfil their potential	• Inspire young people to achieve their full potential by removing the barriers to learning • Encourage and facilitate access to education, training and employment opportunities for all our citizens • provide services to children and young people that contribute to the key aims of the Children and Young Peoples Plan • contribute towards targets contained within the Children's Centre, Childcare and Play Service (CCCP) business plan which also reflect targets set out in the Children and Young People's Plan. These targets are aimed at reducing child poverty and improving the health education and well being of young children and their families and supporting parents in parenting their children
Safer: where people feel safe and are able to live free from crime, antisocial behaviour and abuse	• Support of victims of crime or are active in crime prevention • Keep our children and young people safe from harm, abuse an criminal activity
Empowered and responsible: where people can be actively involved in their local area and contribute to supportive communities	Building an environment for a thriving third sector by: • Promote growth and sustainability of third sector enterprise • provide infrastructure support to the vcs (ChangeUp plan) • Provide community development and capacity building support to other voluntary and community organisations • Promote partnerships between groups and sectors Enabling local people to get on well together and feel able to influence decisions in

	their locality:
	• contribute to community cohesion and build social capital
	• support volunteering
	• Empowering local people to be involved in their local area and responsive to the needs of those who live there,
	• Champion diversity and the contribution everyone makes to the borough's quality o life
	• Ensure their services are appropriate to and used by groups service excluded communities
	• Work to increase the sustainability and independence of individual organisations or the sector as a whole
	• provide advice to individual residents to help them access their rights and services
Clean, green and liveable: where people live in high quality housing and can care for and enjoy their environment	• Protect and enhance our parks, open spaces and local biodiversity • Maximise Lewisham's contribution to a sustainable future by tackling waste and making efficient use of resources • Sense of Place – To develop Lewisham's identity as a vital, creative place to live, work & learn through innovative and sustainable design and the provision of high quality creative destinations. • Help to provide a greener, more sustainable environment
Healthy, active and enjoyable : where people can actively participate in maintaining ad improving their health and well-being	• help to reduce health inequalities • provide opportunities that assist people to maintain health and well-being • Supporting older people to remain independent and active within the local community • Improving the quality of life for vulnerable people and their carers and where appropriate achieve independent living • Improve the well-being of our citizens by increasing participation in healthy and active lifestyles
Dynamic and prosperous : where people are part of vibrant localities and town centres well-connected to London and beyond	• Improve access to quality and different ranges of employment and training opportunities • Provide access to sustainable modes of transport within the borough • To develop and strengthen the sustainable economy for Lewisham through the support and encouragement of the third sector, including cultural and creative sectors.

Benefiting the community

14. *Value for money – when funding is provided to an organisation to deliver a service, do you specify the target cost per beneficiary?*

   As part of the assessment process applicants are benchmarked against other providers, including unit cots, where possible – an example is the Information and advice services.   Social impact is also important, and is more difficult to measure.   Numbers of beneficiaries is included, and how they are impacted identified through the outcomes.

Benefiting organisations

15. *Can you give any specific examples of help given to organisations to help them attract external funding? Will this be covered by the November Funding workshop?*

   This was part of the funding workshop (see attached flyer). Organisations are also offered support through GrantNet (often from Council Offices) along with support on e.g. how to evidence need, what is looked for in an application. Where groups have not been successful, we work with other funders if helping organisations understand where their applications are going wrong.

16. *How is three year funding helping the council to meet the LAA target 'environment for a thriving third sector'?*

   As part of an overall package in creating an environment for a thriving third sector, 3 year funding is one of the key elements in this.   By giving 3 year funding, it allows organisation more stability over a period, allowing them to attract external funding, plan the development of the organisation in a more systematic way and retain staff. In Lewisham we have also used this as an opportunity to undertake the monitoring in a different way which also supports this indicator by building capacity in a constructive partnership.

   Indeed, the results of recent MORI poll undertaken on behalf of the Office of the Third Sector, to set baseline data for the indicator, the overall score for Lewisham for the NI 7 Score (percentage of respondents that feel their local authority supports charities) was 24.4%, putting Lewisham 4th highest in the country on this element of the indicator.

Capacity building examples

Recent events assisting capacity building:

Event	Date
Introduction to Quality Assurance systems	27 October 2008 3pm-6pm Civic Suite
Compact event – 'marketplace' (range of vol orgs) – target audience is Councillors, Snr Officers and commissioners	5 November 4pm-7pm, Upper foyer of civic suite
Accessing finance and funding: range of funders and financial institutions offering presentations and 1-1's Launch of GrantNet	13 November, Civic Suite.
Outcome /output workshops	Mid November– 2 sessions one evening, one daytime
Social Enterprise Event and launch of helper directory	27 November 2008
Changeup event – support given to the vcs by the statutory sector	5 February 2009
VAL training courses	Various

Other support

1. GrantNet – now on line (launching at Nov event)

2. Monitoring process –

 • areas for development identified and relevant training/events/one-one support offered.

 • Review of the process and improvement workshop to be held in January with officers and vcs

3. Social Enterprise Strategy

Strategy has been drafted – been to Stronger Communities Partnership Board, Econ Dvlpment PB in December and to LSP for ratification. Has an action plan around the 6 strategic objectives identified:

 • Raising the profile and demonstrating the value of social enterprise

 • Developing the trading capacity of social enterprises by better business support

 • Developing a recognised voice

- Creating and enabling access to a range of finance

- Opening up procurement practices to enable access to new markets

- Enabling access to available premises for social enterprises

Current work on SE/Third Sector includes:

- The Lewisham Business Advisory Service has enhanced its service to provide support to Social Enterprise.

- The Economic Development Service, The Community Sector Unit and Voluntary Action Lewisham have developed a pilot project to support 5 community organisations with a package of customised business support geared towards developing their 'non-grant' sustainability

- GrantNet, a web-based computer package will be available from October 2008 on the Lewisham website for external partners to access information on funding opportunities from European, central and local government, lottery, corporate sector and charitable trusts.

- The Council's procurement team works with the borough's Business Advisory Service to provide training for local business in tendering for council business

- The Economic Development Department are currently working with the Procurement Department to improve the access of local businesses to the Council's procurement opportunities. This work will identify the kind of services that third sector and social enterprise can tender for with a view to designing a process to make it easier for that to happen.

- Chamber of commerce have given commitment to including social enterprise in their activities

- Corporate guidelines are being developed on commissioning the Third Sector, which will dovetail with the Strategic Commissioning Guidelines being developed for the LSP.

- Two Directories are being developed. One is a Social Enterprise Directory based on mapping of Lewisham organisations with a social aim who reinvest any surpluses back into their organisation or into the community. A social enterprise directory is being produced and will be updated as more organisations are identified . Useful for commissioners.

- The second directory is on the provision of capacity building and business support available to the Third Sector. This will link into the

work being London-wide in order that local organisations can benefit from support provided by London-wide agencies in a more consistent way.

4. Compact interagency group

5. Change Up group – local and sub-regional (commissioning toolkit)

6. London Funders – joint training (e.g. failing groups – training programme with BLF on why group fail, budgeting projects, outcomes, evidencing need)

7. Premises – community asset transfer (Parker House, PCF).   Developing PMOs, Leemore Centre

Quality Assurance Seminar

Date: Monday 27th October, 2008

Time: 3.00 – 6.30 pm

Venue: Rooms 1 & 2 , the Civic Suite, Catford, Lewisham

3.00 – 3.10   – welcome and Introduction - Head of Community Sector Unit

3.15 – 3.40   – The Matrix Standard

3.45 – 4.10   –   National Youth Agency

Break

4.20 – 4.45   – Visible Communities

4.45 – 5.10   – Mentoring and Befriending Foundation

Break

5.20 – 5.45   – Investing in Volunteers

5.45 – 6.30   – Networking, One – ones and close

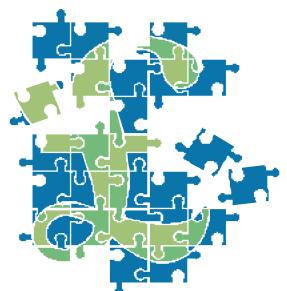**Stands available to pick up material for:**

The Big Picture

PQASSO (Practical Quality Assurance System for Small Organisations)

EFQM (European Foundation for Quality Management)

Head for Business

Funding & Finance Seminar

A funding information day with presentations, question and answer sessions, information resources, and networking opportunities for the benefit of local businesses, social enterprises, community groups and organisations.

Funders and lenders include:
- Arts Council of England
- Capital Community Foundation
- Fair Finance
- Lewisham Arts Service
- Lloyds TSB Foundation
- The Social Enterprise Loan Fund
- UnLtd

+ Plus advice, information stalls and more!

Thursday 13 November 2008
10am – 4pm
at

Civic Suite, Lewisham Town Hall, 1 Catford Road, SE6 4RU.

FREE!

Space is limited! Advance booking is required!

Appendix E: Responses to the follow-up questions sent to external witnesses following the session on 9 December 2008

(i) Martin Howie from Voluntary Action Lewisham

The consultation process

1. **Were you involved in the consultation process for the new three year funding arrangements? Do you have any views on the consultation process?**

   A: Yes. The Compact Steering Group (which I organise and which includes other voluntary and community sector reps) was informed and consulted about both the principle of moving to 3-year funding and the details of the proposals to implement it.

   In addition, LBL's Community Sector Unit organised a consultative working group to develop the proposals. I was not personally involved in this but VAL's Chair was part of the group and kept me informed.

   Given 3-year funding was something that the sector had long argued for, we were delighted that the Council developed these proposals. In my opinion the consultation process was thorough and helpful.

Support

1. **With respect to your role on the Stronger Communities Partnerships Board which 'owns' the LAA indicator 'environment for a thriving third sector', can you outline what action is being taken to ensure that relevant targets are met?**

   A: There are a number of aspects to this.

   Nationally, each Local Authority area will be measured on the basis of a recent survey (conducted by Mori) question: how do the local statutory bodies in your area influence your organisation's success? A lot of 'positive' or 'very positive' answers are needed to score well. This will set a new baseline (temporarily, Lewisham has been assessed at 22%), and targets will be set at 5% above this.

   Given the random nature of the survey and the complexity of VCS/statutory relationships my view is that this process is highly flawed, and does not produce a reliable assessment. As a member of the East London Network of Councils for Voluntary Service (ELN) I am part of a group that is having discussions with a senior official at the Office of the Third Sector; 'environment for a thriving third sector' is one of the areas under discussion. The issue is highly complex (would require a very long

answer here) and I am aware of the problems faced by OTS but hope that, in the long term, more reliable methods can be developed.

Meanwhile, locally, the Stronger Communities Partnership Board (SCPB) has determined to develop our own programme for achieving the best possible outcomes for Lewisham. Part of a recent Awayday was devoted to this topic, which features highly on the work programme that is being planned for 2009.

Briefly, to date we have identified 9 elements that we believe to be crucial for achieving a suitable environment for a thriving third sector. Work will be undertaken to map/assess the present state of play, and develop an action programme to progress and improve, against each of the elements.

If any Members are interested in looking at this topic in more detail I would be happy to meet with them.

2. **Do you think the support being provided to the VCS in relation to applying for funding, achieving outcomes, developing appropriate quality assurance systems etc. can be improved?**

A: Yes. There is always room for improvement!

The issue, essentially, is one of capacity and resources. Providing support for 1000+ organisations, with their huge variety of purpose, organisation, experience, understanding, ambition, etc is a massive undertaking. Resources are limited: the CSU has only a very small team of officers, as does VAL, to undertake this work, alongside a range of other tasks that we are required to perform. There is excellent co-operation between CSU & VAL, and with other organisations whose work contributes to providing the support in question, and we are constantly looking for new, better and more cost-effective ways of delivering support. I believe we provide a good service within the confines of the resources currently available but we are acutely aware that we fall short of providing the level of support that, ideally, is needed for the sector as a whole.

Benefits of the new arrangements

1. **To what extent do voluntary and community organisations understand corporate and sustainable community strategy priorities and how useful is the information being provided to the VCS in relation to these priorities?**

A: My judgement is that it is a very varied picture. This is not surprising given the varied nature of the sector, to which I referred at the PAC meeting and above. So there will be some voluntary and community

organisations that have a great deal of information/knowledge and excellent understanding – and at the other extreme there will be organisations that have barely heard of the strategy/priorities and/or have not begun to understand the relevance of them to their work.

In many ways it is a 'painting the Forth Bridge' scenario. Considerable work has been done, especially in the CYP Directorate and our CYP Voluntary Forum, Community Directorate/ Community Health & Social Care Forum, our ChangeUp programme, and the work of the SCP Board. Much more remains to be done.

Good information is available, but it requires work, often on a one-to-one basis, for organisations to understand its relevance. It must be recognised also that many voluntary and community organisations have existing commitments, e.g. through agreements with external funders, that may not coincide fully with LBL priorities, and some organisations may choose, as is their right, to pursue their own ambitions, regardless of LBL priorities.

2. **Do you think the allocation of local authority funding has changed the way in which some voluntary and community organisations operate or has changed the services they provide?**

A: To some extent my answer above is also relevant to this question. Some organisations will have modified or adapted their work, or aspects of it, to achieve compliance with LBL funding requirements, particularly in relation to outcomes.

This is 'normal' for voluntary and community organisations. All funders – statutory, Big Lottery, charitable Trusts etc. – set their own priorities, and organisations seek to attract funding sources that coincide with their own essential purposes. To an extent funders call the tune; equally, it is an important value for the sector that we retain our independence and remain true to the purposes for which we were established. We are always striving for 'best fit' between these two aspects.

There is no doubt that the requirements of funders, including LBL, have improved the quality of VCS organisations. It is almost impossible to obtain funding from any source unless a good level of organisation management has been achieved. Quality assurance measures are key.

The forms

1. **You mentioned at the meeting that the annual application form for the renewal of funding once three year funding had been allocated, could do with tweaking. What improvements do you think should be made?**

A: This matter is currently under review/discussion. I have received comments from a number of organisations and am seeking further feedback from others. I have had an initial conversation with Sandra Jones and we are meeting to have a fuller discussion early in January. Further, Sandra has arranged a consultation/ feedback meeting for the sector in early February.

Concerns include:

* People are confused as to why, when 3-year funding has been agreed, they have to "apply" for 2nd-year funding. The form, although shorter, has the same appearance as the original application.

* Some of the information asked for is inconsistent with the original application. e.g. last year we were asked to outline a 3-year work programme, not one that was broken down into years 1, 2 & 3; this year's form asks us to state progress on our year 1 targets. Although, individually, we have these, there is no direct relationship to the original application form.

* Some of the information asked for has been supplied previously. A simple request to notify any changes would be more appropriate. This would be greatly assisted if CSU held all information electronically.

* A new 'traffic light' monitoring system has been introduced during the year; for the most part this has been a very helpful and welcome innovation. Monitoring progress is vital and fully accepted by the sector. However, there appears little correlation between the traffic light monitoring and the 2nd-year application; in my view the two processes should be combined.

* The timing of the 2nd-year application is dictated by the Council's budget setting process. However, being asked to report on year 1 progress when only 8 months of the year has been completed creates an anomaly.

(ii) Rachel Braverman from Lewisham CAB

The consultation process

1. How were you consulted on the new three year funding arrangements? Were you satisfied with the consultation process?

The Community Sector unit arranged a workshop, explaining how the new arrangements would operate and asking for input from voluntary sector organisations. They focused mainly on the monitoring process. Comments and suggestions from the voluntary organisations were taken on board.

The Community Sector Unit have proved very available to answer questions throughout the process and we were satisfied with the consultation.

Support

2. **Have you been offered any support in relation to developing an appropriate quality assurance system? What quality assurance system do you have in place? How do you measure risk in your organisation and do you receive any support in relation to this?**

    We haven't been offered support to develop a quality assurance system, because we don't need it. As a CAB, we have a very stringent and well recognised quality assurance system in place. This covers both organisational aspects (finances, governance etc.) and the quality of advice we give. We are audited regularly and receive support from Citizens Advice (CitA). Lewisham Council recognises CitA's auditing process, which is extremely helpful to us, as it means we do not have to take time away from front line services to service extra monitoring.

    We prepare a risk assessment report annually, covering all aspects of the organisation, including financial risks, external factors, IT, service delivery issues and staffing. This is presented to and discussed by the Trustee Board, who then take a lead in taking any action necessary. We get support from CitA, if we need it. The Community Sector Unit have proved also very helpful.

Benefits of the new arrangements

3. **Has the allocation of local authority funding changed the way in which you operate or the services you provide?**

    As we are still waiting for the outcome of our application for three year funding, we cannot be sure yet. However, as a result of the needs analysis and the resulting service specification, we have suggested working in slightly different areas of the borough. We see this as a positive change, responding to the needs of Lewisham people.

4. **How do the services you offer benefit the community? Do you have any formal way of measuring the benefits you offer to the community? Do you capture feedback from the people who use your services?**

    Advice makes a huge difference to people's lives, particularly those experiencing poverty and discrimination. Every year, we help thousands of people to claim benefits, challenge unscrupulous employers, get out of debt and stay in their homes. The knock-on effect of getting help with

practical problems is huge. Examples include:

- There is a recognised link between poverty/poor housing and health, so good advice can help people become healthier. At the very least, we help to reduce our clients' stress levels.

- Correct advice about in-work benefit entitlements can help people get into employment.

- Getting debts under control can greatly help families, as financial pressures can have a huge impact on relationships.

We have recently started to measure outcomes, thanks to our electronic case recording system. We recorded £172,924 financial gains for clients during the third quarter of this financial year (October – December 2008).

We conduct an annual client feedback survey. Our last report shows clients find our service good and effective overall. They appreciate both the advice/ information and the manner in which it is given. The main criticism was of the long queues, but clients recognise these are the result of huge need and limited resources. 14.4% of respondents said we have too few staff/need more staff. On the positive side, 95.5% of our clients think our service is very or quite good. A significant number turned to the CAB because either there was no help available elsewhere or they had received a poor service somewhere else. They particularly liked the way we offered advice and every single respondent thought the advisers were helpful.

(ii) Rita Pretty from the Playhouse Community Nursery

The consultation process

1. **How were you consulted on the new three year funding arrangements? Were you satisfied with the consultation process?**

   Children Centre Service Manager, Lyn May set up meetings to discuss the review the community nurseries and there was a meeting which Margaret Grice attended. These meetings gave the nursery the option to voice our concerns and were helpful.

   There was a review/interviews with Cordis Bright Ltd., Colin Horswell, who meet with the nursery and had a variety of email and telephone conversations and produced a report. We had an option to amend any information that we believed was not correct. I have seen a draft of this report but not a final copy.

   The nursery completed an application form in December 2007 for Community Organisations 2008-11. The result was that the nursery would receive three year funding that would be tapered in year two and

three. We were surprised to have to complete another application form, although not as in depth, in December 2008.

Support

2. **Have you been offered any support in relation to developing an appropriate quality assurance systems? What quality assurance system do you have in place? How do you measure risk in your organisation and do you receive any support in relation to this?**

The Nursery has Investors in People that was funded by the then Early Years sector and a Review of the Investors in People was carried out in February 2008 that was funded via Children, Young People and Play. Support was given during the process of achieving the Investors in People.

The Trustees and Management Committee had training in March 2008 that was funded via Lewisham Voluntary Sector Training Network, which covered financial risk management. The management committee have now set up sub groups – Financial, Operational, Governance and Management and Environmental. A monthly report under Finance is on the Management Committee's Agenda.

Benefits of the new arrangements

1. **Has the allocation of local authority funding changed the way in which you operate or the services you provide?**

2. **How do the services you offer benefit the community? Do you have any formal way of measuring the benefits you offer to the community? Do you capture feedback from the people who use your services?**

The funding for four salaries is extremely supportive and enables the nursery to provide forty childcare places to the local community. Without these salaries the nursery would not be able to offer the service that we now provide. To provide childcare places there must be the correct ratio of staff to children as per Ofsted regulations – less staff less childcare places offered to parent/carers in the New Cross area where there is a high social need to support parents, to get back to work and enter training, to support their families and work towards elevating child poverty.

The nursery measures our performance through Parent Forum, Surveys, Inspection by Ofsted and monitoring from the community sector for the community sector grant. There is a Key Person system within the nursery and parent/carers meet with staff regularly for reviews of their children. There is a complaints process within the nursery and Ofsted complaints procedure is given to parent/carers.

Appendix F: Information requested on the Community Accountancy Service at Voluntary Action Lewisham

The Community Accountancy Service at Voluntary Action Lewisham is part of a consortium called ASSET which operates in the boroughs of Bexley, Greenwich, Lewisham and Southwark. Funding to replace a 3 year Big Lottery Grant was not secured and so from April 2008 the service was reduced from a full time post to three days a week. Current funding comes from London Councils and the four boroughs.

Advice, information, coaching and support on a range of financial issues is provided for charities, voluntary groups and social enterprises based in the borough. Most of these are small groups that do not have a dedicated finance worker and often the Treasurer or Co-ordinator takes responsibility for day-to-day bookkeeping and budget monitoring.

Some groups take advantage of our 'financial health check' which looks at their performance in the four key areas of financial systems, financial controls, financial planning and financial reporting. These key areas are the cornerstone of the support given to groups, with the aim of helping them to develop good financial management skills.

The advice and support is a free service. Fees for training courses are on a sliding scale and kept as low as possible.

	¾ year 08/09 3 days/wk	Full year 07/08 Full time
Groups Supported		
Lewisham VCS groups given advice/support	51	99
New to the service that year	36	71
2 or less fte paid staff	38	87
BME groups	18	54
Training Delivered		
Training events	12	13
Participants	122	103

Training Courses

The five session introductory course – Essential Skills in Financial Management – has proved popular. It is supplemented by one-off workshops and seminars. Attendees receive comprehensive course notes, model documents and templates for financial systems on Excel. Follow up support is given to help participants implement what they have learned.

Course	Date	Attendees
Essential Skills in Financial Management:		
1. Introduction to Budgeting (half day)	24.04.08	11
2. Financial Policies & Procedures (half day)	01.05.08	11
3. Introduction to Bookkeeping (half day)	15.05.08	9
4. Year End Accounts (Receipts & Payments) (half day)	22.05.08	11
5. Financial Reports for your Committee (half day)	29.05.08	10
Essential Skills in Financial Management:		
1. Financial Policies & Procedures (half day)	11.09.08	10
2. Introduction to Budgeting (half day)	18.09.08	8
3. Introduction to Bookkeeping (half day)	02.10.08	12
4. Receipts & Payments Accounts (half day)	09.10.08	10
5. Financial Reports for your Committee (half day)	16.10.08	9
Workshops & Seminars:		
Keeping Track of Grants & Restricted Funds (half day)	12.06.08	10
Accounting Software for Charities (2 hrs)	24.06.08	11

Workshops planned for Q4:

Management Committee Financial Responsibilities (half day)	19.03.09	
Understanding Your Year End Accounts (half day)	26.03.09	

For translation, please provide your details below:

Për përkthim, ju lutemi shkruajini më poshtë detajet tuaja:

Pour la traduction, veuillez fournir les détailles ci-dessous:

若需翻译，请您提供下列详情：

Wixii ku saabsan turjumaad, fadlan hoos ku qor faahfaahintaada:

மொழிபெயர்ப்பிற்காக தயவுசெய்து உங்களைப் பற்றிய விபரங்களைக் கீழே அளியுங்கள்:

Tercüme edilmesi için, lütfen aşağıda detaylarınızı belirtin:

Để dịch thuật, xin hãy cung cấp các chi tiết của bạn phía dưới:

Name:
Emri:
Nom:
姓名：
Magaca:
பெயர்:
İsminiz:
Tên:

Address:
Adresa:
Addresse:
地址：
Cinwaanka:
முகவரி:
Adresiniz:
Địa chi:

■ Shqip/Albanian
■ Français/French
■ 普通话/Mandarin
■ Soomaali/Somali
■ தமிழ்/Tamil
■ Türkçe/Turkish
■ Tiếng Việt/Vietnamese
■ Other language (please state)

Return to:
Kthejeni tek:
Retourner à:
返回到：
Kusoo dir:
திருப்பி அனுப்புவதற்கான முகவரி:
Şu adrese geri gönderiniz:
Gởi trả về:

Overview & Scrutiny team
2nd Floor, Civic Suite,
Catford
London, SE6 4RU
020 8314 9534

For other formats, including BSL, Braille, large print, audio tape or computer disc contact: Overview & Scrutiny team 020 8314 9534

Visit **www.lewisham.gov.uk** for all the latest news and information about your Council's services, and the range of job opportunities we currently have on offer.