

NORTHUMBERLAND

Northumberland County Council

VCS Infrastructure Support Services

Your Ref:
Our Ref: S:\ P&P VCS Funding
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Dear Colleague

Council grant funding for VCS infrastructure support services in 2011/12

I wanted to take the opportunity to advise you of the proposals that the County Council will consider as part of its budget setting process in February in relation to the funding of VCS infrastructure services in the coming financial year.

Currently, the Council allocates a sum of £354,190 to eight organisations providing a mixture of general and specialist infrastructure support services to other parts of the voluntary and community sector, as follows:

Community Action Northumberland	£142,628
Wansbeck Centre for Voluntary Service	£71,088
Community and Voluntary Action Blyth Valley	£41,474
Northumberland Community Development Network	£39,000
Adapt	£25,000
VoiCeS	£22,000
Northumbria Youth	£8,000
<u>Blyth Valley Disabled Forum</u>	<u>£5,000</u>
	£354,190

These grant allocations have been subject to an evaluation process through the course of this year and the Third Sector Development Unit at Teesside University, led by Professor Tony Chapman, has undertaken an independent, consultative exercise examining possible approaches to investment in infrastructure support by the County Council.

The resulting report from Professor Chapman (attached) identified five potential options. Having considered these fully, the Council is minded to pursue option 4 which reads as follows:

“Establish an intelligent commissioning process to meet the outcomes for investment which are set by Northumberland County Council.

Key elements would include:

- a) practical interventions to build capacity in the third sector; and*
- b) Consortia activity*

Northumberland County Council should formulate and communicate clear policy objectives and implementation strategy that would:

- a) stipulate clearly what services and/or products should be produced as a result of investment;*
- b) encourage the submission of collaborative bids to avoid replication/duplication/over-production of services;*
- c) establish appropriate measures of achievement and apply rigorous principles of contract compliance;*
- d) allocate resources to organisations which have a demonstrable record of organisational competence; and*
- e) employ performance management methodologies to track outputs when appropriate”*

Accordingly, the Council hereby serves notice that the current grant funding allocated to your organisation will from 2011/12 be subject to a competitive “grants commissioning” process. This may mean that you will not be in receipt of the same level of resource that you currently receive.

The Council obviously recognises that this represents a departure from the current arrangements and as such is mindful of the need to phase in this revised approach in a way that gives the existing grant recipients sufficient time to properly assess and appropriately plan for its subsequent implications.

The intention therefore, subject to the approval of the Council's budget in late February, is to continue with the current payment regime to your organisation for the first quarter of 2011/12. The new “grant commissions” would then commence from Friday 1 July 2011.

In order to be in a position to move to this new approach, the following timetable is proposed:

February 2011	Discussions are held between the Council and representatives from the VCS Consortium to develop the two proposed “grant commissions” (an outline of what these will cover is attached)
March 2011	An open tendering process is issued with competitive expressions of interest openly sought from across the voluntary and community sector in accordance with the finalised “grant commissions”
April 2011	The “grant commissions” are awarded to the successful expressions of interest that best meet the specified criteria
May/June 2011	The organisations who have successfully secured the “grant commissions” put in place the appropriate processes and arrangements to provide the services from 1 July.

In addition, the Council is mindful to approve, subject to the budget setting process, a 20% reduction to the grant resources made available for infrastructure support services.

As I'm sure you're aware the Council has some difficult decisions to make in order to meet the public sector spending targets specified by Government. In meeting this challenge, the Council is committed to protecting, wherever possible, the delivery of frontline services.

It is also clear from the report produced by Teesside University that:

"While we identify much potential we also identify a concomitant risk of over-production of infrastructure support for an area with a relatively small population. This over-production of infrastructure support manifests itself in several ways:

- a) duplication of channels of communication to the sector on similar issues;*
- b) duplication of specialist and general support services to third sector organisations;*
- c) duplication of networks serving the same constituencies;*
- d) duplication of for a for communication with communities of place and interest."*
(para 15)"

To this end, the Council feels justified in proposing a 20% grant reduction on the basis that this will serve to drive out wasteful and unnecessary duplication in the provision of infrastructure support services.

In terms of available financial resources, the following will therefore apply:

- a quarter of the existing allocation (£88,547.50) will be paid in the first quarter of 2011/12 in accordance with the current grant arrangements
- a 20% reduction will be applied to the residual amount (£265,642.50) to leave a revised allocation for the remaining three-quarters of the year of £212,514.50 (a saving to the Council of £53,128.50) – this equates to a full year allocation of £283,352 (a saving of £70,838)

Whilst this reduction is regrettable, I hope you appreciate that the Council needs to be strident in identifying areas where budget savings can be made, particularly when there is tangible evidence that there is scope for more efficient delivery that will maintain existing service provision.

I trust that has helped clarify the Council's proposed approach to grant funding future VCS infrastructure support services but if you have any queries then don't hesitate to contact me or my colleagues Janice Rose or Kirsten Francis from within the Transformation Service who are coordinating this piece of work on my behalf.

Yours sincerely



Daljit Lally
Corporate Director of Adult Service and Housing