

Leicester  
City Council

**WARDS AFFECTED**  
All Wards

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**

**24<sup>th</sup> January 2005**

---

### **Voluntary Sector Budget Fresh Consultation**

---

#### **Report of the Assistant Chief Executive**

##### **1. Purpose of Report**

- 1.1. This report sets out the background, process and findings of a fresh consultation exercise carried out with six voluntary sector organisations following the cessation or non-renewal of their grant aid within the Corporate Budget Strategy 2004/05 to 2006/07 agreed by Council on 23rd February 2004.
- 1.2. The report recommends arrangements for future funding of these organisations based upon the findings of the new consultation exercise.

##### **2. Summary**

- 2.1. At the meeting of Cabinet on 24<sup>th</sup> November 2003 Cabinet noted the Draft Corporate Revenue Strategy 2004/05 to 2006/07 that included a new strategy for the funding of voluntary sector organisations. This was based on the concept of core services and stated that future funding would be based on this rather than on historical decisions.
- 2.2. The Corporate Revenue Budget Strategy 2004/05 to 2006/07, including this new funding strategy, was subsequently agreed by Cabinet at its meeting on 23<sup>rd</sup> February 2004 and by Council at its meeting on 25<sup>th</sup> February 2004.
- 2.3. In this context Departmental Revenue Strategies, agreed at the same meetings, included proposals to cease or not renew Grant Aid contracts to voluntary organisations whose services were not deemed to be core or for whom alternative sources of funding were available.
- 2.4. Six organisations, Ajani Women and Girls' Centre, Leicester Chinese Community Centre, Shree Sanatan Community Project, St Gabriel's Community Centre, Turning Point Women's Centre and Voluntary Action Leicester, successfully challenged this decision through a Judicial Review. The Council undertook a fresh consultation exercise with the six organisations concerned. During the consultation process the Council has continued to fund the organisations.

- 2.5. This fresh consultation is now complete and the detailed background, process and findings are contained in the supporting information to this report.
- 2.6. Officers have used these findings to develop recommendations for future funding of the six organisations.

### **3. Recommendations**

Cabinet is recommended to:-

- 3.1. Not enter into fresh Grant Aid contracts for Ajani Women and Girls' Centre, Leicester Chinese Community Centre, Shree Sanatan Community Project, St Gabriel's Community Centre and Turning Point Women's Centre, and to cease current funding with effect from 31st January 2005. In addition, reasonable and appropriate winding-up costs will also be paid by the Council.
- 3.2. Terminate the Grant Aid contract with Voluntary Action Leicester for the Community Action Team with effect from 30th April 2005. In addition, reasonable and appropriate winding-up costs will also be paid by the Council.
- 3.3. Commission Early Years Services from Ajani Women and Girls' Centre up to £60,000 pa.
- 3.4. Commission infrastructure services to support the Lunch Club from the Leicester Chinese Community Centre up to £20,000 pa.
- 3.5. Commission Early Years Services from Shree Sanatan Community Project up to £37,000 pa.
- 3.6. Commission Early Years (£15,000 pa) and Youth Work (£25,000) Services from St Gabriel's Community Centre up to £40,000 pa.
- 3.7. Commission Early Years Services from Turning Point Women's Centre up to £87,000 pa.
- 3.8. Increase the funding to Voluntary Action Leicester to commission a generic Volunteer Centre to £70,000 pa and to ask officers to negotiate a formal contract for this service that reflects the needs of the city.

### **4. Headline Financial and Legal Implications**

#### **4.1. Financial Implications**

- 4.1.1. Cessation/termination of existing agreements will result in savings of £480,000 per annum, the effect of which has been taken into account in the Council's budget for 2004/05. Any new commissioning therefore results in ongoing cost which is not presently reflected in the budget. The effects of not implementing the original decision on the 2005/06 budget have been managed within the overall budget management of the Education and Social Care & Health Departments.

- 4.1.2. Commissioning of new early years services will cost the Council £199,000 per annum. This will be funded from the Education and Lifelong Learning Department's budgets of £2.9m for commissioning early years activities. In practice, this is a matter of service prioritisation – the department has budgetary provision to achieve a required level of early years activity, and if achieved through the voluntary sector will not need to be commissioned from elsewhere.
- 4.1.3. The cost of commissioning youth work (£25,000) can be met from existing budgets in the Education and Lifelong Learning Department.
- 4.1.4. Commissioning to support the lunch club from the Leicester Chinese Community Centre will cost £20,000 per year, and will be managed within resources available to the Social Care and Health Department. Specific proposals will be made by the Director as part of the 2005/06 budget.
- 4.1.5. The additional resources to meet the £70,000 required for a generic volunteer centre will be a growth item for the Chief Executive's Office budget and will need to be funded as part of the 2005/06 budget when it is approved in February. Should such funding not be approved, compensating reductions will be required in the budget of the Chief Executive's Office.
- 4.1.6. Mark Noble, Chief Finance Officer. Ext. 7401
- 4.2. Legal Implications
- 4.3.1 The Judicial Review challenge, brought by the six organisations referred to, initially sought to have the whole Council budget for 2004/05 quashed. During the course of legal argument it was accepted that the challenge was against the decision to cease funding the six organisations concerned and not the whole budget. Officers were disappointed with the outcome of the Judicial Review and the finding by the judge, on the evidence, that the consultation process undertaken by officers was not undertaken properly. As a consequence of the outcome of the Judicial Review, the Council agreed to continue funding the organisations concerned pending the carrying out of fresh consultation.
- 4.3.2 In the judgement the judge indicated that the fresh consultation could be undertaken "speedily". Officers have undertaken a period of fresh and detailed consultation. All the organisations have been involved in the consultation process and have been able to contribute against a background of a clear description of the Council's changed priorities and the implications for the organisations concerned.
- 4.3.3 The Grant Aid contracts for five of the organisations (Ajani Women and Girls' Centre, Leicester Chinese Community Centre, Shree Sanatan Community Project, St Gabriel's Community Centre and Turning Point Women's Centre) have already expired, and the Council has continued the funding to these organisations on the basis set out at 4.3.1. above. The Grant Aid contract with Voluntary Action Leicester does not expire until 31<sup>st</sup> March 2006. Early termination is permissible on the giving of three months' notice by the Council. It is considered that the contractual requirement giving VAL reasonable opportunity to make representations has been complied with through the fresh consultation. There is also a contractual right of "review". If requested, this would be

undertaken by an independent head of service within the Council and an expert nominated by VAL.

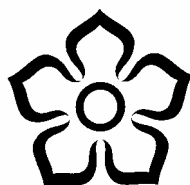
4.3.4 Anthony Cross, Assistant Head of Legal Service. Ext 6362

**5. Report Author/Officer to contact:**

5.1. Keith Murdoch, Assistant Chief Executive. Ext 6001

**DECISION STATUS**

<b>Key Decision</b>	Yes
<b>Reason</b>	Significant in terms of its Effect on communities Living or working in any One ward of the city
<b>Appeared in Forward Plan</b>	No
<b>Executive or Council Decision</b>	Cabinet



Leicester  
City Council

**WARDS AFFECTED**  
All Wards

Cabinet

24<sup>th</sup> January 2005

---

## Voluntary Sector Budget Fresh Consultation

---

# SUPPORTING INFORMATION

## 1. REPORT

### 1.1. Background

- 1.1.1. The Revenue Budget Strategy 2004/05 to 2006/07 was agreed by Cabinet on 23<sup>rd</sup> February 2004 and by Council on 25<sup>th</sup> February 2004.
- 1.1.2. The impact of the Council's decision, linked to the individual departmental revenue strategies, was that officer recommendations for the six organisations concerned were agreed. In consequence, for five of them the contracts were allowed to expire and were not renewed and for Voluntary Action Leicester there was early termination.
- 1.1.3. A Judicial Review challenge was instituted by the six voluntary sector organisations. There was an initial permission hearing, with the judge accepting that the organisations had an arguable case.

### 1.2. Judicial review

- 1.2.1. The matter was then considered at a full hearing of two days of legal argument which involved consideration of detailed evidence that had been submitted by the organisations and Council officers.
- 1.2.2. The decision was delayed to take account of the contractual right of review available to VAL with regard to early termination of their contract, with the decision coming out in September that effectively there were serious shortcomings in the consultation process undertaken by the Council, through its officers.
- 1.2.3. The decision by the Council to cease or not renew funding for the six organisations was therefore quashed.

### 1.3. Findings of new consultation process for each project

- 1.3.1. Following the Judicial Review decision the Council initiated a new consultation exercise for the six groups in a letter dated 8<sup>th</sup> October 2004. This explicitly stated that the definition of "core services" replaced previous categorisation, defined the relevant

tests to be used to assess services against the definition of core and gave organisations the opportunity to provide evidence of viability in the case of reduced funding.

- 1.3.2. The letter then set out the Council's initial analysis, using these tests, of whether organisations' services as set out in their Service Specification were core or non-core. Organisations had the opportunity to comment on this and provide evidence of core service provision and viability on reduced funding. Organisations have been given every opportunity to comment on officer views as they developed.
- 1.3.3. In terms of a chronology of the fresh consultation process, the key dates are: Start of process - Council letter of 8th October requiring a response by 29th October. The Assistant Chief Executive had a meeting with the Chief Executive of Voluntary Action Leicester to ensure that VAL, in its capacity as the umbrella organisation with a responsibility for being a conduit of information between the Council and the voluntary sector, was clear about the fresh consultation process. As appropriate, officers from Education and Lifelong Learning and Social Care and Health met with the organisations concerned to clarify any issues of concern and confirmatory letters were sent out to VAL by the Assistant Chief Executive, Education and Lifelong Learning and Social Care and Health summarising the points of clarification. At the same time Council officers agreed to extend the deadline the organisations were working to from 29th October to 12th November, with subsequent changes being made to the target dates with regard to the Council responding with the initial officer analysis and also the deadline for written comments to be received by officers on that initial analysis. The revised dates were therefore: initial analysis by officers - 26th November; written comments from organisation - 6th December. There was a further request from Voluntary Action Leicester, on behalf of the organisations concerned, for the 6th December deadline to be extended to 13th December, which was agreed by officers. Following officer consideration of the responses from the organisations officers wrote to the organisations concerned on 22nd December indicating the initial officer view on the recommendations that would be made to Cabinet.
- 1.3.4. Officers then produced a full analysis based on information held by the Council and the evidence supplied by organisations as well as an initial view on a recommendation to Cabinet. Again organisations had the opportunity to comment on this analysis and the view on an initial recommendation. All this information has informed the production of this report. The matrices prepared summarising the organisations' responses are included in Appendix 1. All correspondence between officers and the organisations concerned in relation to the fresh consultation process has been copied and is available for Members' inspection in their respective group rooms.
- 1.3.5. In addition the views of organisations have been sought on the content of this report and any responses will be presented to Cabinet.
- 1.3.6. A summary of the analysis of services provided and viability in the case of reduced funding is set out for each of the organisations below and the detailed analysis is set out in Appendix 1.
- 1.3.7. Ajani Women and Girls' Project. Services to adults are non-core as they either do not meet the test to show direct contribution to the A.L.P or are supplied by another adult

learning provider/college whose infrastructure and other costs should not be met by the Council. Services to children directly contribute to the E.Y.D.C.P. targets and therefore it is recommended to commission these services to a value of £60,000 as Ajani Women and Girls' Project has indicated that its organisation will be viable in these circumstances. Services to young people are non-core as they do not make a direct contribution to the Youth Strategy and the youth service does not have an underprovision that could be met through commissioning youth services from the organisation. No other department has indicated that it has core services that are dependent on the continued financial support for those services designated as non-core.

- 1.3.8. Leicester Chinese Community Centre. Services to adults are non-core as they either do not meet the test to show direct contribution to the A.L.P or were short-term initiatives that ceased on 31<sup>st</sup> March 2004. Services to children are non-core as they do not meet the test to show direct contribution to the E.Y.D.C.P. or the E.D.P. Services to young people are non-core as they do not make a direct contribution to the Youth Strategy and the youth service does not have an underprovision that could be met through commissioning youth services from the organisation. The Social Care and Health Department has indicated that its core lunch club service cannot be relocated and therefore would be at risk if the infrastructure costs of the organisation are not supported. It is therefore recommended to commission these to a sum of £20,000.
- 1.3.9. Shree Sanatan Community Project. Services to adults are non-core as they either do not meet the test to show direct contribution to the A.L.P or are supplied by another adult learning provider/college whose infrastructure and other costs should not be met by the Council. Services to children directly contribute to the E.Y.D.C.P. targets and therefore it is recommended to commission these services to a value of £37,000 as Shree Sanatan Community Project has indicated that its organisation will be viable in these circumstances. Services to young people are non-core as they do not make a direct contribution to the Youth Strategy and the youth service does not have an underprovision that could be met through commissioning youth services from the organisation. No other department has indicated that it has core services that are dependent on the continued financial support for those services designated as non-core.
- 1.3.10. St Gabriel's Community Centre. Services to adults are non-core as they either do not meet the test to show direct contribution to the A.L.P or are supplied by another adult learning provider/college whose infrastructure and other costs should not be met by the Council. Services to children directly contribute to the E.Y.D.C.P. targets and therefore it is recommended to commission these services to a value of £15,000 as St Gabriel's Community Centre has indicated that its organisation will be viable in the context of this report. Services to young people are non-core as they do not make a direct contribution to the Youth Strategy but the youth service does have an underprovision that is recommended is met through a separate commissioning agreement up to £25,000. No other department has indicated that it has core services that are dependent on the continued financial support for those services designated as non-core.
- 1.3.11. Turning Point Women's Centre. Services to adults are non-core as they either do not meet the test to show direct contribution to the A.L.P or were short-term initiatives that

ceased on 31<sup>st</sup> March 2004 although consideration is being given to a growth bid to provide development services in the area. Services to children directly contribute to the E.Y.D.C.P. targets and therefore it is recommended to commission these services to a value of £87,000 as Turning Point Women's Centre has indicated that its organisation will be viable in these circumstances. Services to young people are non-core as they do not make a direct contribution to the Youth Strategy and the youth service does not have an underprovision that could be met through commissioning youth services from the organisation. No other department has indicated that it has core services that are dependent on the continued financial support for those services designated as non-core.

- 1.3.12. Voluntary Action Leicester (VAL) volunteering and community activities service is non-core to the Social Care and Health Department (SCHD) as it does not meet the test of providing services that are provided to adults and that are included in a care plan following a community care assessment process under the legislative framework of Fair Access to Care Services (FACS) or services that are provided to children and families enabling the department to meet its statutory requirements following a formal Children in Need Assessment. VAL was unable to produce any evidence to demonstrate that VAL volunteers provide core services to individual service users following SCHD formal assessment. No SCHD team has indicated that it has core services that are dependent on the continued financial support for services provided by VAL volunteering and community activities. The promotion of volunteering and recruitment of volunteers is not a core service of SCHD. Organisations requiring volunteers to provide SCHD core services have their own individual service contracts which include the requirement to recruit, train and support their own volunteers. As no evidence has been provided to demonstrate core services are being provided viability is not an issue. Proposals have been submitted to the council by VAL and are currently being considered for the corporate funding of a generic citywide volunteering centre.
- 1.3.13. This report is written in the context of the Revenue Budget Strategy 2004/05 to 2006/07 and the Equalities Impact Assessment relating to it as well as the City Council's Community Cohesion Strategy. Nothing in the fresh consultation exercise has contradicted the consultation carried out previously for these strategies.

## **2. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **2.1. Financial Implications**

- 2.1.1. See paragraph 4.1 of the covering report

### **2.2. Legal Implications**

- 2.2.1. See paragraph 4.2 of the covering report.
- 2.2.2. Anthony Cross, Assistant Head of Legal Services, x 6362.



### 2.3. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	Yes	1.1.13	
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		

### 3. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

- 3.1. 2004/05 to 2006/07 CORPORATE REVENUE BUDGET STRATEGY – Cabinet 24<sup>th</sup> November 2003
- 3.2. REVENUE BUDGET STRATEGY 2004/05 TO 2006/07 – Cabinet 23<sup>rd</sup> December 2004
- 3.3. GENERAL FUND BUDGET AND COUNCIL TAX 2005/05 RESOLUTIONS – Council 25<sup>th</sup> February 2004
- 3.4. Legal Services file reference 57094 containing, in part, exempt information.

### 4. CONSULTATIONS

#### 4.1. External Consultation

Ajani Women and Girls' Centre  
Leicester Chinese Community Centre  
Shree Sanatan Community Project  
St Gabriel's Community Centre  
Voluntary Action Leicester

#### 4.2. Internal Consultation

Sue Talton, Contract Officer (Independent Living), Social Care and Health Dept.  
Steve Goddard, Head of Community Services, Education & Lifelong Learning Dept.

### 5. REPORT AUTHOR

- 5.1. Keith Murdoch, Assistant Chief Executive. Ext 6001

**Voluntary Sector Fresh Consultation Analysis Sheets**