
**REVIEW OF COUNCIL GRANT FUNDING – PROCUREMENT OF ADVICE
PACKAGE**

Reason for the Report

1. To provide an opportunity for the Committee to consider the development of the procurement exercise for the Council's Advice Package, which has been approved to proceed under the Cabinet's review of grant funding.

Background

2. At its meeting on 10 October 2013 the Cabinet agreed proposals (which had been considered by this Committee at its meeting on 1 October 2013) for a review of the grant funding which the Council currently gives to the voluntary sector.
3. Cardiff Council currently provides £2.7million in 123 grants to 94 organisations. Following an initial assessment of these grants over summer 2013, a number of issues were highlighted. These included a significant amount of grant funding going to organisations providing key services outside a commissioning or procurement process; in some cases it is difficult to identify the rationale for these grants; and in these cases it had been difficult to establish a link to identified strategic need or alignment to policy.¹
4. The 10 October 2013 Cabinet report proposed splitting the Council's current grants into four groups, subject to agreement of final budget proposals in February 2014:
 - **Grants to cease** from 1 April 2014;

¹ Cabinet paper 10 October 2013, Proposals for a Review of Council Grant Funding

- **Grants to transfer** to directorate base budgets, as they were felt to provide strategically important services;
- **Infrastructure grants and those to key equalities organisations**, to be subject to a 10% cut from 1 April 2014; and
- **Grants that deliver key services**. It was agreed that these grants would be divided into three packages to be procured using a standstill budget at 2013/2014 levels. This included:
 - i. The **Advice Package** (comprising of grants totalling £570,523 to eight organisations in 2013/2014);
 - ii. The **Care, Support and Education package** (24 grants totalling £948,556 to 14 organisations in 2013/2014);
 - iii. The **Homelessness Prevention and Intervention Package** (grants totalling £169,827 to five organisations in 2013/2014).

Issues

5. At its 6 December 2012 meeting the Cabinet considered a Review of Advice Services in Cardiff. This review recommended a three-year competitive grants system from 1 April 2014, meaning that:

‘providers continue to receive grant funding, and do not enter formal contracts through a tender process, but will enable the council to restrict the allocations to a certain group, e.g. third sector providers, if desired, and to link payments to activities or longer term outcomes rather than specific projects or posts. The aim of implementing a competitive grants model for advice services is to provide flexibility for both provider and commissioner, and to ensure local third sector providers are able to participate in the process and respond to the Council’s invitation for applications, without pursuing a more formal and resource intensive contracts process.’²

6. The report also delegated authority to the then Corporate Chief Officer Communities to consider the most appropriate model for securing the provision of Advice Services and to report back to the Cabinet at a later date with proposals.

² Cabinet report 6 December 2012

7. The 10 October 2013 Cabinet report stated that the underlying principles and recommendations that arose from this review would be utilised in future procurement of the Advice Package, whilst acknowledging that many of the grants actually fund key services to Cardiff citizens which require the Council to follow a more formal procurement process. The report recommended that this package would be procured under a two-year contract to facilitate future joint commissioning with statutory partners. £500,000 would be made available for commissioned services, 'with the remainder held in reserve to allow for flexibility to respond to changing needs'.

Scrutiny Inquiry - Cardiff Council Grant Allocation System

8. In 2011, the Policy Review and Performance Scrutiny Committee undertook an Inquiry into the Council's grant allocation system. This Inquiry noted a number of advantages and disadvantages for pursuing a procurement route for services which were grant funded at that time.

Advantages:

- Greater accountability
- Encouraging professionalism within the Voluntary Sector / Drives up quality of service provision
- Increased transparency
- Drives up innovation and efficiency
- Provides stability of income.

Disadvantages:

- Benefits larger organisation which are able to absorb the cost of tendering
- Administrative strain can have adverse effect on service users
- Inability to develop innovative services (due to overly prescriptive funding formulas)
- Can result in less flexible services, i.e. detailed contracts restrict ability to respond to individual need
- Limits the ability for voluntary organisations to set the type and method of the work they undertake

- Competition can undermine trust and long-established relationships within the voluntary sector
- Procurement officers do not have enough local knowledge.

Scope of Scrutiny

9. The terms of reference for the Policy Review and Performance Scrutiny Committee provide for it to consider the Council's engagement with the voluntary sector as well as its overall commissioning and procurement arrangements. However, many of the actual advice services currently funded by grants within the proposed Advice Package fall under the remit of the Community and Adult Services Scrutiny Committee. The scope of this scrutiny is therefore to consider the process for procuring these services and how the voluntary sector will be engaged in this process, rather than the delivery of advice services themselves.

Way Forward

10. To present the proposals for the procurement of the Advice Package and answer Members' questions, Councillor Lynda Thorne Cabinet Member for Community & Neighbourhood Regeneration and Social Justice; Sarah McGill, Director – Communities, Housing and Customer Service; Jane Thomas, Operational Manager for Benefits, Finance & Tenants Services, and Bethan Jones, Commissioning and Procurement Team will be in attendance.

Legal Implications

11. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements

imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

12. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

13. The Committee is recommended to:

- i. consider the information presented at the meeting; and
- ii. decide whether it wishes to make any comments or recommendations to the Cabinet.

MARIE ROSENTHAL

County Clerk and Monitoring Officer (Democratic Services)
23 October 2013

Background papers:

Policy Review and Performance Scrutiny Committee papers 1 October 2013:

[http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_director_y_id=2865&textonly=&language=&\\$state=calendarmeeting&\\$committeeID=1432&\\$meetingdate=01/10/2013](http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_director_y_id=2865&textonly=&language=&$state=calendarmeeting&$committeeID=1432&$meetingdate=01/10/2013)

Cabinet Paper 10 October 2013 - Proposals For A Review Of Council Grant Funding:

[http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_director_y_id=2865&textonly=&language=&\\$state=calendarmeeting&\\$committeeID=12950&\\$meetingdate=10/10/2013](http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_director_y_id=2865&textonly=&language=&$state=calendarmeeting&$committeeID=12950&$meetingdate=10/10/2013)

Community and Adult Services Scrutiny Committee papers 1 November 2012:

[http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_directory_id=2865&textonly=&language=&\\$state=calendarmeeting&\\$committeeID=1429&\\$meetingdate=01/11/2012](http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_directory_id=2865&textonly=&language=&$state=calendarmeeting&$committeeID=1429&$meetingdate=01/11/2012)

Cabinet papers 6 December 2012:

[http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_directory_id=2865&textonly=&language=&\\$state=calendarmeeting&\\$committeeID=12950&\\$meetingdate=06/12/2012](http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_directory_id=2865&textonly=&language=&$state=calendarmeeting&$committeeID=12950&$meetingdate=06/12/2012)

Policy Review and Performance Scrutiny Committee Cardiff Council Grants Allocation System inquiry report;

http://www.cardiff.gov.uk/content.asp?nav=2872,3250,4337,4674&parent_directory_id=2865