

TITLE OF REPORT: SERVICE LEVEL AGREEMENTS – REVIEW OF 2006 - 09 AND PROPOSALS FOR 2009 – 2012

REPORT OF THE HEAD OF COMMUNITY DEVELOPMENT AND CULTURAL SERVICES

PORTFOLIO HOLDER: COUNCILLOR TRICIA GIBBS

1. SUMMARY

- 1.1 The report sets out a strategic approach to the development of the next phase of Service Level Agreements (SLAs) for the period April 2009 – March 2012.
- 1.2 It is proposed that there should be consultation with the North Hertfordshire Compact on the approach prior to a final report coming to Cabinet in September 2008.

2. FORWARD PLAN

- 2.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

3. BACKGROUND

- 3.1 Cabinet approved a new comprehensive set of policies and procedures for financial assistance to voluntary and community organisations (VCOs) in November 2002 which included the establishment of Service Level Agreements (SLAs) .
- 3.2 The first three year tranche of Service Level Agreements (SLAs) was set up from April 1 2003 to March 31st 2006 with those organisations with whom the Council had developed a longer term grant funding relationship and was based on the work that the organisations were doing at that time.
- 3.3 The SLAs are monitored on an annual basis to ensure that the organisations have achieved what was originally required of them within the SLA. The management of our town centre partnerships is also conducted through the SLA process, since these are technically grant funded organisations, independent of the Council, and therefore not subject to contracted agreements as would be used for a service contractor.
- 3.4 The second three year tranche of SLAs commenced on April 1st 2006 and is due to time expire on March 31st 2009.
- 3.5 Prior to this date, consideration needs to be given to establishing the context and framework for the next phase of Service Level Agreements for the period 2009 - 2012.
- 3.6 One challenge of the Service Level Agreement process is its ability to adapt and respond to changing circumstances. For those organisations that have secured three year funding, the SLA arrangements work well. However, as all the funds are then committed, there is no surplus left over to respond to any new initiatives, however they might arise, during the period of the agreement. The only ways in

which funds can be identified is if there are serious breaches of contract with existing organisations and an agreement is terminated, or that new sources of funding are made available. The implications of this matter will be considered elsewhere in this report.

- 3.7 There is a growing recognition within all levels of Government of the value and importance of the voluntary and community sector (often now referred to as the 'third sector' as a provider of services. This is reflected in the development of Compacts, in the involvement of the voluntary sector in Local Strategic Partnerships, the new duty placed on partners to co-operate in the delivery of local improvement planning and in the development of Local Area Agreements.
- 3.8 If there are to be any changes to the way the SLAs are administered and awarded, the minimum notice that must be given to existing SLA holders is three months in writing. Furthermore, in keeping within the terms and spirit of the North Hertfordshire Compact, there needs to be a twelve week consultation period with voluntary and community organisations on the overall strategy.
- 3.9 However, good practice suggests that if there are to be any changes to the way in which the Council wishes to continue its support for the voluntary and community sector, as much notice as possible should be given.

4. ISSUES - PROPOSALS FOR 2009-12

Strategic Objectives for the Council

- 4.1 All current SLAs require the applicant organisation to comply with the LSP's district-wide Vision, the Council's Mission and Strategic Objectives. A list of current SLAs is set out in Appendix 1.
- 4.2 In the event that their work no longer directly supports the objectives, then the Council may wish to review its funding relationship.
- 4.3 The Sustainable Community Strategy that has recently been drafted has also identified a number of key priorities for the District to 2021 and it is evident that funding the voluntary and community sector is an efficient and effective way of achieving a number of its ambitions and aspirations. The use of Local Area Agreement reward grant funding via the Local Strategic Partnership to fund voluntary and community projects will also require formal corporate governance, using an SLA.
- 4.4 The Council is currently preparing the revision of its Corporate Plan 2005-2015, including three new priorities of work for 2009/10 and beyond, which are:

Green issues
Sustainable development
Town centre improvements

The detail of what each of these themes will include is currently under discussion and will form the basis for the new Corporate Business Planning programme for the Council.

- 4.5 The alignment and ownership of actions to be undertaken on our behalf by the voluntary and community sector contributing to these themes will be included in future SLAs, with organisations required to demonstrate how they are contributing to them.

Future Proposals for Service Level Agreements – April 2009 – March 2012

Funding Context

- 4.6 Cabinet needs to consider how best it wishes to allocate its resources for the voluntary and community sector for the period 2009/12 as the present tranche of awards time-expires on March 31st 2009.
- 4.7 Within the context of its Corporate Business Planning, it is proposed that 2008/9 baseline budget for the SLA is continued, but with an annual inflation allowance.

Service Context

- 4.8 It is further proposed that, subject to final decisions on the Corporate Business Planning process for 2009/10, for the next three years (April 2009 – March 2012), the current programme of Service Level Agreements should be renegotiated in compliance with the following conditions:
1. There should be a comprehensive review of the current SLA arrangements to ensure that all organisations have fully complied with the terms and conditions of the agreement and have met targets that were agreed during the second phase 2006-2009.
 2. If a project/scheme is not compliant or met its targets, then the Council may wish to withdraw its financial support. Any savings made here can be redirected into other schemes.
 3. Existing organisations will be expected to link their activities into the three new Council priorities. If a project or organisation is no longer able to reflect the new strategic themes or the Council in its work, the Council may wish to terminate funding.
 4. The Council will be able to identify any gaps in service and commission applications from new organisations, specifically to help implement its new strategic priorities, but any financial assistance for these would have to come from within the existing budget provision.
 5. If an organisation no longer wished to continue its work then the contract would be formally concluded and funds could be redirected.
 6. Consideration of longer term “exit strategies” will be given as part of the re-negotiation of the SLA.
 7. The Council will delineate between those SLAs that have a clear district-wide remit which should remain centrally funded and those that have a clearer local focus that can be funded from Area Committees.
- 4.9 The proposed indicative timescale for negotiation of the new phase of SLA is:

ACTION	TIMESCALE
Approval by Cabinet of outline proposals for consultation	24 th June 2008
Approval of final report by Cabinet	21 st October 2008
Start review of individual SLA for 2009/12	27 th October 2008
Complete review of individual SLA	31 st December 2008
Write to all projects with new SLA	31 st January 2009
Start next three year tranche of SLA	1 st April 2009

Area Committee Service Level Agreements

- 4.10 In addition to the main, centrally funded SLA, Area Committees have increasingly funded smaller SLA with those local organisations with whom a longer term service relationship has been deemed appropriate and beneficial. This was one of the developments that emerged from the review of the first tranche of SLA funding summary of these SLA in October 2005. A summary of Area Committee SLAs is attached in Appendix 2.
- 4.11 It is appropriate that these SLAs should also be reviewed during the current financial year by each Area Committees to determine whether these should be continued for a further three years (2009/12) and at what level of funding.
- 4.12 At the same time the review will consider the balance of funding between the Area Committees and the central SLA funds.

5. LEGAL IMPLICATIONS

- 5.1 The Terms of Reference in relation to Cabinet confirm that Cabinet may develop policy in relation to financial management and the making of grants.
- 5.2 When re-negotiating SLAs these may need to comply with the Council's Contract Procurement Rules.
- 5.3 Section 2 Local Government Act 2000 provides that the Council has power to do anything which it considers likely to promote or improve the economic, social or environmental well-being of its area. This would apply on the basis that financial assistance to voluntary and community organisations improves the economic, social or environmental well-being of the District or part of it.
- 5.4 Section 137 Local Government Act 1972 provides specific authority for the Council to incur expenditure on anything which is in the interests of and will bring direct benefit to its area. This includes a charity or other body operating for public service.
- 5.5 To better reflect current legislation pertaining to contracts, revised and improved SLA documentation will be introduced in the renegotiation of the SLAs for introduction in 2009/10.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 The annual budget for Service Level Agreements with the voluntary and community sector for 2008/9 is £323,040
- 6.2 The budget for SLAs funded through Area Committees for 2008/9 is £49,061.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 For transparency and objectivity there is a separation of function between those Development Officers who provide support and assistance to projects and the Project Officers who monitor and evaluate each project.
- 7.2 The above officers are drawn primarily from the Community Development and Policy, Partnerships and Performance Divisions. The work is absorbed as part the annual work programmes.
- 7.3 However, a Business Process Review has been commissioned this year to review the most effective and efficient way in which SLAs and the more general grant awarding arrangements can be improved.

- 7.4 The great majority of the voluntary and community projects that are funded by the Council have equality and social inclusion as a key objective of their purpose. Such projects work very closely with and for the more disadvantaged and potentially socially excluded within our communities. There is a strong argument to be made that if the Council did not provide financial support for projects to do the work that they do, then it would, itself, have to meet the needs of such people in other ways.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 8.1 Each organisation having a Service Level Agreement with the Council had an annual review with a Project Officer.
- 8.2 There will be in-depth consultation with the North Hertfordshire Compact prior to the final report being submitted to Cabinet for its meeting on 21st October 2008.
- 8.3 Members who represent the Council on the management committees/boards of voluntary groups and organisations will be consulted and their comments considered within the final report to Cabinet.
- 8.4 Area Committees will be consulted on the strategic approach to Service Level Agreements.

9. RECOMMENDATIONS

Cabinet is asked to:

- 9.1 Approve consultation through the North Herts Compact on the proposals for the next tranche of SLA awards as set out in the report prior to a final report being submitted to Cabinet for its meeting on 21st October 2008.
- 9.2 Note that a rebalancing of the funding of SLAs is proposed to reflect better the district wide/local area focus.
- 9.3 Note that Area Committees will be reviewing those SLAs that have been funded through the Area Committee Development Budgets.
- 9.4 Note the proposed timescale for implementing the new SLAs and that the detailed negotiations with individual projects will be conducted by relevant officers, in consultation with the Portfolio Holder for Community Engagement and Rural Affairs.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To confirm the future strategic policy direction for the programme of financial assistance for the voluntary and community sector, through the negotiation of SLAs.

11. APPENDICES

- 11.1 Appendix 1 – Major and Minor Funded Service Level Agreements
Appendix 2 - Area Committee Funded Service Level Agreements

12. CONTACT OFFICERS

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13. BACKGROUND PAPERS

- 13.1 Review of Policies and Procedures for Financial Assistance to Voluntary and Community Organisations, November 2002.

Service Level Agreements 2009-12

Appendix 1 Summary of Major and Minor Funded Service Level Agreements							
	PROJECTS OVER £5,000	Level of NHDC Funding 2007/08	Level of NHDC Funding 2008/9	Link to Strategic Objectives	Link to new NI/LAA	District Wide (DW) or Local Focus (LF)	Comments
1	CAB	169,376	172,585	√	√	DW	
2	CVS	23,676	24,280	√	√	DW	
3	Relate	5,970	6,120	√	√	DW	
4	North Herts Minority Ethnic Forum	13,325	13,658	√	√	DW	
5	Arts Council for North Herts	13,889	14,236	√	√	DW	
6	Sports North Herts	6,102	6,253	√	√	DW	
7	Countryside Management Services	42,120	43,170	√	√	DW	
8	North Herts Winter Sanctuary	7,405	7,590	√	√	LF	
9	Herts Young Homeless Group	5,125	5,253	√	√	DW	
10	British Schools Museum Hitchin	11,200	11,483	√	√	LF	
	Total	298,188	304,628				
	PROJECTS UNDER £5,000						
1	Royston and District Volunteer Bureau	3,470	3,560	√	√	LF	
2	Royston Community Transport	2,840	2,915	√	√	LF	
3	Herts and Middlesex Wildlife Trust	3,660	3,750	√	√	DW	
4	Herts Rural Housing Project	2,732	2,870	√	√	DW	
5	Shelter	2,706	2,846	√	√	DW	
8	Area Rape Crisis Line	710	720	√	√	DW	
9	Stevenage and North Herts Women's Resource Centre	1,710	1,751	√	√	DW	
	Total	17,828	18,412				
	NB						
	1. Projects de-commissioned since April 2006: Victim Support, Samaritans						
	2. The above SLAs do not include Town Centre Partnerships or those managed through Area Committees						
	3. New NI/LAA targets still to be finalised, but each SLA can meet at least one or more						

Appendix 2 - Summary of Area Committee Funded Service Level Agreements						
	AREA COMMITTEES	Level of NHDC Funding 2007/08	Level of NHDC Funding 2008/9	Link to Strategic Objectives	Link to new NI/LAA	District Wide (DW) or Local Focus (LF)
	Letchworth Area Committee					
1	Howard Garden Social club	4,793	4,913			LF
2	Letchworth Settlement	357	366			LF
3	Wednesday Drop in club	502	515			LF
4	Hall Subsidies budget	8,750	8,969			LF
5	Yvonne Savage club	300	308			LF
6	Kiran Playscheme	784	804			LF
7	Letchworth Arts Centre	27,500	22,500	√	√	LF
	Baldock Area Committee					
1	Baldock Senior Club	1354	1,388			LF
2	Baldock Retirement Sewing Club	420	431			LF
3	Baldock Festival	1060	1,087			LF
4	Ashwell Museum	340	349			LF
	Royston Area Committee					
1	Royston Cave	1000	1,025			LF
	Hitchin Area Committee					
1	Hitchin Senior Citizens Welfare Committee	4,000	4,100			LF
2	Hitchin Festival	2000	2,050			LF
3	Apna Duniya Playscheme	250	256			LF
	Southern Rural Committee					
	None					
	NB					
	1. The links between the majority of the Area Committee funded SLA's and the Council's Strategic Objectives need to be reviewed.					

Service Level Agreements 2009-12

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