

Agenda Item	16.
Report No	CLH 26/19

HIGHLAND COUNCIL

Committee: Care, Learning and Housing

Date: 14 March 2019

Report Title: **Early Years Funding**

Report By: Interim Director of Care and Learning

1. Purpose/Executive Summary

- 1.1 The purpose of this report is to set out recommendations on the future allocation of funding which was previously designated as Early Years Grant Funding, following on from a decision by Highland Council at the meeting of 14 February.

2. Recommendations

- 2.1 Members are asked to:
- i. Approve the proposed new process to determine the allocation of funding for the financial year 2019/20 onwards.

3. Arrangements to Date

- 3.1 The budget for Early Years grants has been reduced in successive years and now stands at £200k per annum, reduced from £458k in 2018/19.
- 3.2 The grants have been distributed through the Area Care and Learning Managers through a process of annual applications which were scrutinised before grants were awarded for one year only. A large number of organisations benefited from this over recent years but only the minority requested and received significant amounts. In 2017/18, the last full year of spend, grants were distributed as follows:-
South area: 13 grants ranging from £84 to £70,000.
Mid area: 12 grants ranging from £180 to £37,000
North area: 7 grants ranging from £340 to £54,000
West area: 14 grants ranging from £60 to £40,000.
- 3.3 Mid-way through the financial year 2018/19, the Care and Learning Service took a decision to suspend all new grant applications as one measure to reduce budget pressures across the service. No new applications were processed after this point which was problematic for organisations which had grown used to applying for funding on a year on year basis, despite there being no SLA in place.
- 3.4 As part of the budget planning it was agreed by Highland Council in February to redirect this funding into Service Level Agreements (or Service Delivery Contracts as they are now known), rather than continue with grants. The rationale for this was that with reduced resources, it would be more effective to support fewer organisations but to be able to offer them greater financial stability than could be offered through an annual grant process.

4. Views of the Third Sector

- 4.1 The Interim Director, Chief Executive and Head of Children's Services met with representatives of organisations on 15 February, through the auspices of the Third Sector Interface. A wide range of issues related to partnership between Highland Council and the Third Sector, including the way forward with the changes to the grant funding process.
- 4.2 A proposal was then received through Mhairi Wylie, Chief Officer of the Highland Third Sector Interface, as follows:-
"We are suggesting the idea of a soft procurement, 1 year contract specifically for the services that have had ongoing annual funding year on year for a significant period.
Full procurement process to take place for contract from April 2020.
Agreed outcomes for the year commencing 2019 to include full reporting and participation in review of services to contribute to HC re-design plans."

5. Procurement Advice and Highland Council Process

- 5.1 The Contract Standing Orders apply in these circumstances and there are two processes for agreements up to £10k per annum and for agreements between £10k and £50k. They are similar and require sign-off by the sponsor/Director, Finance and Commercial and Procurement Shared Services.
- 5.2 Contract Standing Orders allows for exceptions for Health and Social Care procurement which enable the relevant Director to make decisions on the basis that they are satisfied that one or more of the defined specific circumstances apply, in which

case he/she has delegated authority to enter into an exceptional procedure with one provider:

5.3 This would include the following:

- Where the Director is satisfied that the requirement of the contract is unique or, after research, only one suitable source of supply can be identified.
- Where the Director is satisfied that the risk to service user(s) outweighs the benefits of advertising the requirement and awarding the contract or framework following competition.

5.4 This must then be reported to the relevant Committee.

6. Proposed Future Arrangements for Distribution of Funding

6.1 It is proposed that applications be sought from all Third Sector groups during March, comprising an expression of interest and evidence of both alignment to the Care and Learning service's key objectives and of financial stability.

6.2 A group of senior managers with representation from all four areas would meet to make recommendations on the expressions of interest, and where Service Delivery Contracts should be awarded. They may take into consideration the risks to service users, as outlined in 5.3 above, which potentially applies where services would otherwise be withdrawn. The aim would be to make decisions quickly where year on year funding has previously been provided, so that organisations are able to make plans for the beginning of the financial year.

7. Implications

7.1 Resource – there is a budget in place to support this activity.

7.2 Legal – none if the process follows the Contract Standing Orders.

7.3 Community (Equality, Poverty and Rural) – the provision of funding will take account of local needs.

7.4 Climate Change/Carbon Clever – no identified issues.

7.5 Risk – there is reduced funding, therefore there is a risk that some services cannot be funded in future.

7.6 Gaelic – no identified issues.

Designation: Interim Director of Care and Learning

Date: 27 February 2019

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Background Papers: