



Council Funding to Third Parties 2008/9

The City of Edinburgh Council recently made decisions on the grant package and contractual investment for this financial year. In some areas disinvestment has occurred and this FAQ (supplied by the Council) provides further background on how decisions were taken in this area.

What is meant by the term 'disinvestment'

Disinvestment describes options to reduce or withdraw grant and / or contract investment in the third, private and independent sector.

Decisions made on grant aid and contractual arrangements

The Council is accountable for around £30m of grant aid. Decisions on grant aid are mostly taken by Council Committee, with small awards of up to £10,000 being considered by senior officers.

The Council also operates around £100m of contracts for the provision of social care and housing support services. In making decisions on these sums, the following broadly occurs, informed by the Council's Standing Orders:-

- if the amount of the tender for any contract is less than £1 million, the Director of Finance (or the relevant Departmental Director) can select the successful tender;
- if the amount of the tender for any contract is more than £1 million, the Finance and Resources Committee will be responsible for selecting the award of contract, and;
- the Council Solicitor will agree all contracts of a value above the EC threshold (£125,000) and contracts of a value below the EC threshold which, in the opinion of the relevant Head of Department, are complex or otherwise unusual.

In practice, the above are also subject to:-

- a range of legislation and EU Directives, and;
- delegated authority (to Service Heads to less than £1 million) including, spot purchase or care services and an ability to renew existing contractual agreements.

How has disinvestment in funding to the third sector and other providers occurred?

In considering recommendations, departments identified proposals (as part of the Council budget setting process) based upon an assessment of how submissions reflected the following criteria:-

- the (refreshed) City Community Plan themes;

- the Council's Corporate Plan and underpinning departmental service planning priorities, and;
- best value, good performance and sound governance.

Awards also recognised the following influencing factors:-

- the (one-year) status of the Council's Concordat with the Scottish Government for 2008/9;
- the Council's budget pressures;
- the imminent Council's Comprehensive Review of Funding to Third Parties, and;
- changes occurring within partner funding bodies and other funding streams.

However additional matters were also considered with regard to departmental proposals:-

Health & Social Care

In line with the above and in determining contracts (Service Level Agreements) and grant distribution, the criteria used in identifying options for disinvestment included services which:-

- did not address well the city's joint strategic priorities for adult social care;
- were not addressing the Departmental Service Plan objectives for adult social care;
- had been the subject of ongoing concerns about service quality;
- had been the subject of ongoing concerns about the quality of management, or overall viability;
- were identified as outmoded models of care, not fit for purpose, or were meeting low priority needs;
- were duplicated elsewhere;
- have high unit costs (when compared to similar services of broadly the same quality), and;
- were providing an indirect service, i.e; one on which individuals did not directly rely for their day to day safety and care.

Children & Families

In line with the above and in determining contracts (Service Level Agreements) and grant distribution, the criteria used in identifying options for disinvestment included services which:-

- did not address the strategic priorities identified in the Departmental Service Plan for statutory obligations or direct services for vulnerable children and young people;
- had been the subject of concerns about service quality and performance;
- where ongoing concerns about the quality of management, or overall viability had been identified;
- were identified as outmoded, not fit for purpose, or meeting low priority needs;

City Development

In line with the above, the criteria used in identifying options for disinvestment included services which no longer sat well with strategic priorities and/or demonstrated lower quality and performance.

Corporate Services – Culture & Sports Services

On national performing companies, the Scottish Government took responsibility for all five from April 2007 with combined investment of around £24m. Therefore a complete restructuring for funding awarded from the Council to the National Companies will occur, for implementation in 2008/09 in order to meet strategic priorities. This will take account of the work of the Usher Hall

Phase II development and the two resident orchestras, the Royal Scottish National Orchestra and Scottish Chamber Orchestra. This will enable both organisations to work (with the Culture and Sport service) through this large-scale transition and beyond, to enable the Usher Hall to maintain its status as an international centre of musical excellence.

Services for Communities

In line with the above, the criteria used in identifying options for disinvestment included services which no longer sat well with strategic priorities and/or demonstrated lower quality and performance.

Equalities Matters

In considering disinvestment across grant and contractual arrangements, matters connected to the general duties on Race, Disability and Gender were taken into account alongside the Council's duty to/of care to service users and the necessity to consider impacts and make reasonable adjustment.

Why was the consultation around the notification of proposals and decisions limited?

The challenges of the Council's financial situation in 2007/8 were well known and required difficult choices and decisions to be made by the Council, in order to provide for a sustainable budget in 2008 and beyond. In order to best prepare partners to be aware of and make arrangements to deal with changes in the funding settlement for 2008/9, the following occurred:-

- two briefings with grant recipients in December 2007 followed by three letters;
- two briefings with contracted providers in February 2008;
- Council budget 2008-11 set on 21st February 2008 (two weeks later than usual, due to the earlier Easter period), and;
- Full Council considered the grant report on 13th March (in order to ensure that grant recipients were given early notification).

Due to the above schedule and the Council's commitment to providing accurate information, departments were unable to provide accurate information around disinvestment until after (i) Council decisions on the budget for 2008/9, and (ii) until the public release of grant material on 7th March.

Next Steps

It is acknowledged that while the preparatory work was helpful, generally the Council's timetable for allocating funding does not assist medium and long-term service planning. Both this matter and the installation of a formal Disinvestment Protocol for the future will form part of the Council's Comprehensive Funding Review currently being progressed.