

Subject : An Analysis of 2016/17 Payments to The Third Sector

1. Purpose of This Report

This report aims to give an overview of the scale and nature of the Council's payments to and business with the Third Sector (also known as the voluntary, community and social enterprise sector) in 2016/17. It outlines the distribution of this business amongst the Third Sector bodies paid by the Council in that financial year and summarises which directorates of the Council were responsible for this activity. It also confirms the Council's intentions to publish details of grant payments to organisations within the Sector as part of the transparency agenda.

2. Definition of The Third Sector

In categorising organisations as belonging to the Third Sector, the Council continues to be guided by a wide-ranging, inclusive definition drafted a few years ago by the former Office of the Third Sector (now the Office for Civil Society). This indicates that the Third Sector includes charities, community groups, churches and faith groups, sports and recreational clubs, social enterprises and partnerships and trade unions and associations.

3. The Scale of Business with The Third Sector

The Council's payments to the Third Sector involves tens of thousands of transactions including grant payments, funding for projects, activities and events, procurement of goods and services and the commissioning of services. They include spending from both revenue and capital budgets. The transactions are taken from FMS (the council's financial ledger – and within the system there is a tag (code) to identify Third Sector organisations). Given the volume of data, the total costs / transactions identified as Third Sector may include some payments or organisations that should not be included, but a review and comparison to previous years suggests this would be at the margin.

As in 2015/16 the analysis includes Aspire, and the Board will note, payments to Aspire are larger than any other 3rd sector organisation at £22.5m. The Council's business with the Sector in 2016/17 amounted to £133.7m. The total spend with organisations other than Aspire amounted to £111.2m, up by £2m from the previous financial year.

Appendix A summarises the total business with the Sector in each of the last 8 years. This shows how the Council's spend with the sector, excluding Aspire fell from a peak of £123m in 2009/10 reflecting the impact of the government's austerity programme and its significant cuts in local government funding to £111.2m (excl Aspire) in 2016/17.

This stability in the scale of the Council's business with the sector has been maintained in a period of very challenging financial circumstances for the Council. Since 2010, the Council has had to deal with a 52% or £239m reduction to its core government funding as well as facing significant demand led pressures in adult social care and looked after children, for example.

The scope of the Council's business with the Sector has also remained quite consistent with that of recent years, although the analysis indicates a further reduction in the total number of organisations being paid to 1,664 (1,860 last year) The biggest "churn" in the Council's pool of payments to the sector is in small payments to mostly local organisations, such as a one-off grant to a local sports team or scouts troop. In 2016/17 747 organisations received payments of < £1k; in the previous year this numbered 902 organisations.

4. The Council's Major Third Sector Business Partners

The totality of business with the Top 25 in 2016/17 amounted to £79.5m. Leaving Aspire aside, the other 24 were paid a total of £57m. The level of business with the same organisations in the previous year totalled £51m.

In 2016/17, the largest recipient of payments after Aspire is Developing Initiatives for Support in Communities (DISC) which has seen its business more than double, over the last few years, from £3.7m to £9.1m. This is primarily driven by Public Health commissioned work on drug and alcohol issues.

Appendix B lists the top 25 for 2016/17 with details of the amounts these same organisations were paid in the previous three years.

5. The Range of Third Sector Providers

The Council's business with the Third Sector continues to be dominated by payments to a small number of major care and service providers. In comparison, there is a wide population of organisations receiving relatively small amounts from the Council.

As previously discussed, Aspire is an out-rider in terms of the scale of its £22.5m business with the Council. This accounted for 17% of the overall business with the sector.

In 2016/17, 8 organisations received total payments between £2m and £10m. Their aggregate amounted to a collective total of £35m and over a quarter of the total business with the sector, in line with last years analysis.

The top 25, including Aspire, were paid an aggregate total of £80m which is more than half, 59%; of the Council's spend with the Third Sector. In numerical terms, this top 25 only constitutes just over 1.5% of the individual Third Sector organisations that the Council made payments to last year.

The top 50 bodies received total payments of £98m which represents 73% of the Council's business with the sector. These 50 bodies represent 3% of the Third Sector organisations the Council paid over the course of the year. Again, this is comparable to 2015/16.

In contrast to this concentration of most of the Council's spending with the Third Sector with a small number of large providers, 747 organisations received total payments of less than £1,000 from the Council. These organisations accounted for 0.21% (less than one quarter of one per cent) of the Council's business with the Third Sector but represent almost half (44%) of the Third Sector bodies the Council paid last year. These smaller payments are often to local community, neighbourhood, and faith based bodies as well as sporting and cultural groups.

The average aggregate payment to a Third Sector organisation in 2016/17 was £80.3k. This average is skewed sharply upwards by the high value of business with a smaller group of service providers, and has been accelerated with the arrival of Aspire. In comparison, the median payment (whereby half the organisations received more, and half received less) was only £1,257, higher than last year's figure of £1,000. **Appendix C** shows the distribution analysis of the Council's aggregate payments to Third Sector organisations in 2016/17.

6. Spending By Directorates

Appendix D analyses the 2016/17 spend with the Third Sector in terms of the Directorates incurring the expenditure. Not surprisingly, this shows that the overall spend is primarily driven by the Council's care services: Adult Social Care with 20%, Children's Services 15%, and Social Services Pooled Budgets, including its spend with Aspire, 37%. Again, consistent with the previous year.

7. Publishing Grants to Third Sector Bodies

The Local Government Transparency Code 2014 stipulates that local authorities should publish details of all grants to Third Sector organisations either in the form of a separate schedule or by tagging grant payments in the published schedules of all financial payments.

Draft schedules of all grant payments made to Third Sector bodies in 2016/17 have been assembled and are being sense checked prior to publication. .

Claire Riley
Corporate Financial Management
28/9/2017

APPENDIX A

Leeds City Council Total Business With the Third Sector.

	<u>Total Payments</u>	<u>Movement from Previous Year</u>	<u>As a %</u>
	£M	£M	
2016/17	133.7	6.6	4.94%
2015/16	127.1	15.1	11.9%
2014/15	112.0	2.8	2.5%
2013/14	109.2	0.6	0.5%
2012/13	108.6	-0.8	-0.7%
2011/12	109.4	-10.5	-9.6%
2010/11	119.9	-3.5	-2.9%
2009/10	123.4	-	-

Note

In 2015/16 Aspire was formed; hence the increase in total payments . If Aspire was discounted from the payments in 2015/16 there was £109.3m paid, which is comparable the year prior.

APPENDIX B

2016/17 Top 25 Third Sector Providers

	<u>Total Payments</u> <u>2016-17</u> £	<u>Total Payments</u> <u>2015-16</u> £	<u>Total Payments</u> <u>2014-15</u> £	<u>Total Payments</u> <u>2013-14</u> £	<u>Total Payments</u> <u>2012-13</u> £	<u>Position in</u>		
						16-17	15-16	14-15
Aspire	22,504,099	17,843,583	-	-	-	1	1	-
DISC - Developing Initiatives for Support in the Community	9,174,151	8,110,567	3,699,361	3,755,361	3,687,319	2	3	3
St Anne's	8,821,430	8,783,925	8,179,130	8,353,675	7,955,068	3	2	1
BUPA	4,529,419	2,600,006	3,933,381	4,288,630	4,317,317	4	8	2
Home Farm Trust	3,161,744	2,679,609	2,977,199	2,695,642	2,224,030	5	6	4
GIPSIL	2,802,925	2,012,374	1,962,770	1,713,901	827,555	6	10	8
Affinity Trust	2,400,316	2,816,657	2,737,174	2,723,003	2,367,073	8	5	6
Leeds Autism Services	2,002,498	1,786,617	1,875,686	1,394,209	1,259,721	9	11	10
Community Links	1,951,071	2,012,959	2,810,905	2,785,529	1,253,926	10	9	5
Health For All (Leeds) Ltd	1,749,291	1,621,692	1,648,709	1,736,143	982,678	11	13	15
Touchstone	1,666,432	1,712,243	1,678,694	1,801,201	1,795,672	12	12	13
Real Life Options	1,656,041	2,600,110	1,905,910	1,749,142	1,645,590	13	7	9
Leeds Citizens Advice Bureau	1,651,655	1,564,964	1,709,334	1,218,284	1,341,295	14	16	12
Care & Repair Leeds	1,495,482	1,218,012	1,310,294	1,252,206	1,374,171	15	19	18
Casa Leeds	1,466,211	1,027,696	1,224,372	957,184	715,421	16	27	20
Anchor Care & Trust	1,440,172	749,017	1,318,799	1,593,278	1,598,262	17	38	17
Donisthorpe Hall	1,422,027	1,077,122	1,741,414	1,525,356	1,462,598	18	25	11
Catholic Care Diocese of Leeds	1,403,927	1,110,126	1,296,133	1,284,570	1,374,171	19	22	19
Wilf Ward Family Trust	1,348,474	3,364,538	1,675,107	1,966,937	1,817,989	20	4	14
Advonet	1,227,881	1,120,757	1,048,290	1,103,447	39,536	21	21	27
Barca - Leeds	1,208,339	980,496	469,219	396,712	484,609	22	26	30
Banardos	1,169,904	1,519,701	2,138,821	2,228,793	1,267,148	23	17	7
Carers Leeds	1,126,499	1,107,680	1,002,900	475	200	24	23	28
Leeds Housing Concern	1,095,859	1,154,673	1,337,073	1,477,202	2,071,029	25	20	16
SENSE	1,081,128	1,104,019	1,210,215	1,190,925	1,267,148	26	24	23
	<u>79,556,975</u>	<u>71,679,143</u>	<u>50,890,887</u>	<u>49,191,806</u>	<u>43,129,528</u>			

Fallen out of Top 25 from 2015-16 to 2016-17

Opera North	675,534.28	1,594,852	1,215,769	868,777	39,536	41	14	21
United Response	560,579.03	1,584,425	1,100,641	1,612,805	1,795,672	47	15	25
Re'new Leeds (incl. Archway)	129,610.97	1,225,726	1,201,809	1,069,342	1,462,598	127	18	24

Comments :

Total Third Sector Business 16/17 133,685,357.36

Top 25's Percentage of Total 59.51%

Top 10's Percentage of Total 42.90%

21 of the Top 25 in 2016/17 were also in the Top 25 last year.

APPENDIX C

Distribution Analysis of 2016/17 Third Sector Business

	<u>No. of Organisations</u>	<u>%age of no of orgs</u>	<u>Total Value £</u>	<u>%age of Total Paid</u>
Number of Third Sector recipients	1,664		133,685,357	
Total payments above £10m	1	0.1%	22,504,099	16.8%
Total Payments £2m - £10m	8	0.5%	34,843,555	26.1%
Total payments £1m - £2m	18	1.1%	24,225,979	18.1%
Total payments £0.75m - £1m	8	0.5%	6,873,902	5.1%
Total payments £0.5m - £0.75m	12	0.7%	7,811,208	5.8%
Total payments £0.25m - £0.5m	39	2.3%	13,798,475	10.3%
Total payments £0.1m - £0.25m	74	4.4%	10,943,440	8.2%
Total payments £50k - £0.1m	84	5.0%	5,992,756	4.5%
Total payments £10k - 50k	198	11.9%	4,810,489	3.6%
Total payments £5k - 10k	119	7.2%	826,677	0.6%
Total payments £1k - 5k	356	21.4%	780,517	0.6%
Total payments £500 - £999	242	14.5%	165,452	0.1%
Total payments £100 - £499	396	23.8%	103,617	0.1%
Total payments below £100	109	6.6%	5,191	0.0%
Total	1,664	100.0%	133,685,357	100.0%
			Average	80,340
			Median	1,257

Comments

27 organisations received total payments of £1m or more. They accounted for 61% of Third Sector business with Leeds City Council. This is an increase of 1.7% year on year .

747 organisations received less than £1,000 each. They accounted for 0.2% of business with the Third Sector. They number 44.9% of the population of Third Sector organisations receiving payments from LCC.

The average aggregate payment to the Third Sector body in 2016/17 was £80,340 which is an increase from the previous year (£68,323) of £12,017

The median aggregate payment in 2016/17 was £1,257 (i.e. half the organisations received more than £1,258, half received less). In 2015/16 the Median aggregate payment was £1,000.

APPENDIX D

2016/17 Payments to Third Sector Organisations by Council Directorate

<i>Directorate</i>	<i>2016/17 £</i>	<i>% Of the total</i>
Adult Social Care	26,977,893	20.18%
<u>Social Services Pooled Budgets</u>		
Other Service Providers	26,838,350	20.08%
Aspire	22,504,099	16.83%
Childrens Services & Schools	19,555,931	14.63%
City Development	5,658,403	4.23%
Environment & Housing	12,646,940	9.46%
Strategic Landlord	694,966	0.52%
Central & Corporate incl Public Health	13,584,996	10.16%
Strategic Accounts	170,192	0.13%
Citizens & Communities	5,053,587	3.78%
Grand Total	<u><u>133,685,357</u></u>	<u><u>100.00%</u></u>