

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

Good Practice Guidelines For The Council's Approach To Voluntary Organisations In Difficulties

1. Introduction

This report is concerned with situations where a voluntary organisation has problems in relation to its management, service delivery or finances that, if not resolved, could lead to RBKC funding being reduced or withdrawn.

2. Advice on developing quality services

Ideally there should be a co-operative partnership between monitoring officers and funded groups around the common objectives of developing and providing monitoring for quality services. A voluntary organisation should have systems for rigorous internal review and work plans should identify how the organisation intends to work on improving its services. Monitoring officers should give recognition to the strengths within an organisation. They should also advise and support the organisation in developing quality services and in pursuit of this objective they may indicate areas for improvement and advise on approaches that might be taken. Such advice does not indicate an organisation "in difficulties".

3. Organisations in difficulties

Organisations can experience difficulties at any time during the year. The contact officer can become aware of difficulties either at formal monitoring visits or via complaints or informal networks.

There is a wide range of situations that can arise. These may range from isolated failures in fulfilling funding conditions to a long-standing failure to meet agreed targets, a breakdown of services, collapse of a committee or withdrawal of significant funding.

Secondly, a crisis may come about relatively suddenly, perhaps due to loss of key personnel or it may come from a slower process of decline.

Thirdly, the consequences of an organisation being in difficulties will vary – an organisation may be in a position to survive a crisis whilst a rescue package is being put together but circumstances could arise, especially where an organisation provides services to vulnerable clients that require more immediate action. The interests of clients have to be paramount.

The Council needs to adopt a flexible approach to meet the diversity of situations that can arise when a funded organisation is in difficulties.

When the 'organisations in difficulties' guidance is to instigate, the Council will ensure that this is clearly stated to the organisation and that the process is explained. This will form part of stage one of the guidelines.

4. **Types of difficulties that can arise**

There is evidence that: -

- The organisation is failing to provide a stable, continuing service
- The service is not achieving agreed outputs, targets and, where they exist, outcomes
- There is poor efficiency, effectiveness and quality in service provision
- The management committee is unaware of changes in the organisation and is not controlling the work of the organisation
- There is poor and/or inappropriate staffing management structures, including no or poor implementation of procedures including some of the following:

- Employment contracts
- Health and Safety
- Complaints Procedures
- Grievance and Disciplinary Procedures
- CRB checks and safeguarding

- There is inadequate financial management procedures and/or serious irregularities in financial record keeping – including the misuse of agreed funding as specified in the Funding Agreement or Contract
- The organisation's financial position is weak such that it threatens the viability of the organisation or service
- There is serious non-compliance with the Charities Act 2016 and/or the organisation's own constitution
- Serious complaints from users and/or the general public have not been dealt with satisfactorily by the organisation
- The organisation has failed to submit satisfactory monitoring reports or other requirements specified in the Funding Agreement.

5. **Council Objectives in Working with Organisations in Difficulties**

- To protect the interests and safety of clients of the service. This must be the paramount objective and in certain extreme

circumstances Council funding might need to be withdrawn with little prior notice

- To assist the organisation to resolve the situation
- To ensure the most appropriate use of public moneys.

Whilst the Council would wish to assist organisations to resolve difficulties the cost of this needs to be balanced against the likelihood of success and the cost of interim support. Each situation will be treated upon its merits, and taking into account client safety and costs involved, appropriate time and support will be given to assist a funded organisation to resolve its difficulties.

Officers will inform organisations of the Kensington and Chelsea Social Council's availability to assist organisations in difficulties.

Where the Borough is the majority funder, it will generally take the lead and implement the steps set out in the next section.

For additional advice and guidance officers leading on the monitoring of organisations can present issues involving an organisation to the Compact Implementation Group (CIG) which is made up of representatives from the public and voluntary sectors. The CIG can also ensure that any potential breaches of the Kensington and Chelsea Compact that could potentially be enacted by either party are avoided.

Where it is not the major funder, the Council may work closely with other funding agencies and mutually agree which agency will take the lead investigating the difficulties and working to support the organisation. In such circumstances, the organisation would be informed of the arrangement with other funders.

6. ACTION TO BE TAKEN WHEN DIFFICULTIES BECOME EVIDENT

Stage 1

WRITTEN STATEMENT

Letter to organisation's chairperson and officer in charge stating matter of concern and action required with timetable and date for organisation to report back in writing of outcome. The objective of supporting the organisation would be made clear.

Such action would be appropriate for isolated, minor breaches of conditions of funding; isolated problems in delivery of service which had not been resolved following previous notification of the problem.

The organisation will be made aware of the Council's complaints procedure.

Stage 2

WRITTEN WARNING

Formal warning of concern about the organisation and that failure to take effective action could affect future grant.

Letter to organisation's chairperson and officer in charge.

The organisation will be asked to identify to the Council any relevant partner organisations who contribute to the work of the organisation and/or the services it delivers. Where necessary, the Council will formally notify such partners of the procedure being invoked. A letter will be sent to the chairperson of the organisation and the officer in charge.

Chairperson and officer in charge of the organisation to be invited to meeting with appropriate Council officer/s, at which the views of the organisation will be noted.

An action plan to be set out and to include: problems to be resolved, timescale, level of officer involvement and the organisation's responsibilities. It will also set out any additional monitoring requirements to ascertain progress.

The Council may also feel it necessary to deviate from the agreed payment schedule until certain actions outlined in the action plan are met.

Such action would be appropriate where Stage 1 had not led to a positive outcome or where there were more than just isolated problems.

Should matters raised in stage 1 or 2 be resolved in a satisfactory manner no further action will be taken.

Stage 3

DECISION ON CONTINUED FUNDING

Such a decision would generally only be taken in circumstances where remedial support has not been successful, improvement has not been shown or sustained and the organisation continues not to meet the needs and priorities identified.

- Final meeting takes place between the responsible Council officer(s) and two members of the organisation one of whom must be a

member of the management committee. The meeting will clarify unresolved areas and inform the organisation of the next stages.

- Senior Council officers will be advised and a decision taken on whether to reduce or withdraw funding.
- Recommendations will then be made to the relevant funding Committee and/or Cabinet Member for respective business group/s. In line with standard procedures, the organisation will be given the opportunity to submit a written response to be put forward to the Committee and/or Cabinet Member, or to seek a meeting with the Chairperson or Vice Chairperson to put forward their case. In any event the Chairperson to be kept informed of the discussions which are taking place.
- If the situation warrants it, funding may be reduced or withdrawn immediately following the Committee or Cabinet Member decision.
- Generally, organisations will be given a minimum of three months' notice.

The above is set out as 3 stages. However rare cases may arise when the situation is so serious that it is not appropriate to follow a staged approach but funding must be immediately withdrawn, either temporarily or permanently. Such a situation might be when an organisation has no functioning committee or there is serious negligence or malpractice, especially when this could put clients at risk.

The Council has a Complaints Procedure and it would be open to the voluntary organisation to use that procedure should they consider they have a complaint about the way that a Council officer has dealt with their case.

Likewise, if an organisation deems that they have been dealt with which contravenes the Kensington and Chelsea Compact they can present their case to the Compact Implementation Group in accordance with the Compact.

This paper deals with situations when an organisation is in difficulties which could affect its continued funding. There may be situations when due to the Council's financial position or priorities, annual funding may need to be reviewed. Such cases are not covered by this paper.