

**Voluntary and Community Sector Review
November 2009**

Foreword

The new Council has signalled its strong support for an empowered Voluntary and Community Sector (VCS) since its formation as a unitary authority in 2009. The Council moved quickly in the build up to Local Government Reorganisation to ensure that VCS funding, previously mainly supported through District Council funding, would remain in place whilst the new Council could take stock of the outcomes that come from the support the council gives.

Over the past year the VCS sector review group has looked at funding and the wider role the council can play in fostering a sector that makes a substantial contribution to making the quality of life in the county.

It has been agreed that the review group will continue to discuss how the council can gain more engagement with the sector and to look at ways to open up Council commissioning to VCS involvement. However, it has been important that the Council decides on its approach to funding as soon as possible to reduce potential disruption.

It has been clear from the start that the 7 Councils that merged to form Northumberland County Council had very different approaches and priorities towards the VCS. It is important that we move to a transparent process of funding that is fair in its approach across the Council. It is also important that, for more strategic funding, the Council funds VCS organisations over a number of years with multi annual agreements to enable groups to get on with their work and not with being concerned with renewing funding.

The Executive's approach to the new council informs this review. There is a clear preference for an approach rooted in subsidiarity, with decisions being made at the most local level possible, with a preference for involving local councillors in the decision making process. It is also felt that it is best in key strategic areas of funding that the sector is best placed to tell the Council how it should achieve its objectives. Accordingly we propose to allocate resources in some areas globally, with recipients agreeing on its subdivision in order to meet agreed objectives.

It is also clear that, in order to ensure the VCS can robustly defend its work, we need to build a system where funding is closely related to outcomes, so that the value of funding is clear for all. In the coming years, when Local Authority spend will be increasingly under pressure, this is the only way to preserve support for the sector. The VCS will have to continue to look for efficiencies, just as all of the Public Services are doing.

As well as setting out the approach to funding, it is clear that the council has to set out its priorities for spend, where it feels the VCS can make the greatest impact on its priorities for the County. We feel that for the coming two years, organisations set up to deal with the recession and Community Hubs are priorities for funding.

I hope that people will find the time to comment on the approach outlined in this paper and that together we can build on the work of the first part of the review and build a stronger, more efficient sector.

Councillor Neil Bradbury
Northumberland County Council
November 2009

1. Background

The Voluntary and Community Sector Review has provided an opportunity to revise the overall relationship between the Voluntary and Community Sector (VCS) and the new unitary Northumberland County Council. Formerly, there were very different practices across the seven councils in the relationships and in the ways in which they supported the sector.

There now exists an opportunity to develop a policy for the new unitary council informed by good practice locally, regionally and nationally that will enable both sectors to fulfil their shared contribution to improving life in Northumberland.

A review group was established led by Councillor Neil Bradbury and involving Councillor Wayne Daley, council officers from People, Place, Performance and Adult Services Groups and representatives from the VCS Consortium and a number of voluntary organisations. The review has been carried out during a period when the financial future has been uncertain and in the first year of the new Council rather than against a backdrop of certainty. The overall scope of the review has been ambitious and real progress has been made which can inform the Council's budget processes for 2010/11 and 2011/12; full development, however, of the Council's relationship with the VCS and opportunities to include the sector more in service development is work in progress that needs to extend beyond the initial timeframe of the review.

2. Aims and Objectives

2.1. Aims

The key **aims** of this review of the Voluntary and Community sector are to:

- Nurture a vibrant, sustainable and responsive VCS
- Improve and strengthen partnership working between the council and the sector as a whole:
- Better coordinate the financial support provided to the voluntary and community sector

2.2. Objectives

2.2.1 Improving the relationship

- Improving how the new structures of the Council relate to the sector
- Involvement in developing NCC policy particularly where it relates to the sector
- To put in place an Equality Impact Assessment Framework to ensure greater accessibility to, and equitable funding.
- To develop a corporate approach to "help in kind"
- To ensuring VCS involvement in the evaluation and monitoring of the policy
- To identify opportunities for future public service improvements and delivery by the VCS

2.2.2 Improving the co-ordination of financial support

- To employ the various styles of funding in the way that best supports the sustainable development of the sector
- To ensure that funding the County Council provides to the Voluntary and Community Sector is better aligned to the authority's key priorities
- To maintain and develop procedures that are consistent with the principles of good regulation
- To develop clear, consistent and transparent administrative, assessment and decision making processes
- To ensure commissioning and procurement processes are VCS friendly as outlined in the Compact
- To improve sustainability and longer term planning by moving to multi-annual funding of up to two years initially but with longer term ambitions to move to three years, where it is prudent and practical to do so
- To maximize opportunities to leverage in external funding

3. Improving the Relationship

3.1. The Northumberland Compact

The Northumberland Compact is a short and simple agreement between the public sector and the VCS. It is a commitment from both sides to work in partnership for the benefit and support of local communities.

There is now a need to revisit the compact after local government review and revise the existing mechanisms within it to ensure the effective ongoing development of the relationship between Northumberland County Council and the VCS.

Compact Shared Principles
<ul style="list-style-type: none">• voluntary action and community involvement are essential components of a democratic and socially inclusive society;• an independent and diverse voluntary & community sector is fundamental to the well being of society;• the statutory sector and the VCS have distinct but complementary roles in the development and delivery of public policy and services;• working in partnership towards common aims and objectives maximises the value and effectiveness of services to the community;• both sectors have different forms of accountability and are answerable to a diverse range of stakeholders but are equally committed to operating with integrity, sensitivity, objectivity, accountability, openness, honest and leadership;• meaningful consultation improves policy development, builds relationships and enhances the design and delivery of services and programmes;• voluntary & community organisations are entitled, regardless of their funding sources, to act as advocates in challenging and seeking changes to public policy;• equality of opportunity should be afforded to all people, regardless of race, age, disability, gender, sexual orientation, religion, social and economic status, or political beliefs; and• resources should be deployed as efficiently and effectively as possible through the promotion of best value principles

4. Improving the co-ordination of financial support

As already mentioned there was a very varied approach to funding the sector across the county. In trying to move to a more coherent and transparent approach the review has considered at current good practice in funding the voluntary sector¹. This identifies three different modes of funding and understanding each approach is an appropriate requirement to effective co-ordination. These are **Giving, Shopping and Investing**.

5. **Giving** – This is defined as grant funding that is relatively simple to access and easy for both funder and funded, as monitoring is minimal and there is a deal of flexibility as to what it can be spent on. Good giving can help a group start up, encourage innovative approaches and project development. However there are times when giving by local authorities is not suitable i.e. when there is a need to demonstrate clear and definable impact, in this instance the other styles of funding are more appropriate. Failure to measure impact can provide “feather bedding” for less successful organisations and mask ineffectual management. Giving currently comprises the following elements:

5.1. Community Chest

- Priorities for funding are based on the Sustainable Community Strategy and supporting activity identified by community forums
- Simple process with standard application form
- Allocation is limited to a maximum of £5k per group
- Decision making process is a subgroup of the Area Committees

5.2. Members’ Local Improvement

Each member has £15,000 capital allocation to spend on local projects which could include VCS activities

- 5.3 **Work in kind.** There is acknowledgement of a principle that the value of work in kind for VCS organisations should be visible to achieve a transparency of process and give confidence that different organisations in different parts of Northumberland have equality of access to seek support. In some cases this can be achieved but, in the first full year of operation of the new Council there is further work to do.

6. **Shopping** - organisations are paid for specific work. The use to which funds can be put is narrowly defined and impact is measured. The voluntary sector as a provider of services has increased in recent years as a result of developments such as Community Care legislation. This has resulted in a more contractual basis to funding that includes agreements on service delivery, commissioning and procurement where the largest budgets are available to the voluntary sector by paying organisations for specific pieces of work. These budgets are under the control of relevant services. Recently the Government has taken more active steps to encourage purchasers to behave appropriately in the voluntary sector² and as a result Northumberland County Council will undertake to:

¹ The Grant Making Tango: Issues for funders, Julia Unwin, The Baring Foundation

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² Guidance to funders and purchasers 2006 Audit Commission, Hearts and Minds Commissioning from the Voluntary Sector 2007, Compact and Procurement Law Compact July 2009

- Engage local voluntary organisations in service planning, to benefit from their knowledge of clients.
- Engage voluntary organisations in designing commissioning processes that encourage a diverse supply base.
- Assess the impact of the commissioning practice on the size and diversity of the local supplier base, and the consequent prospects of securing improved value for money.
- Apply intelligent commissioning practice, thinking carefully about:
 - the kind of services that the Council wants to procure for a range of service users;
 - the types of organisations that are likely to be able to deliver at an affordable price
 - how best to construct a commissioning process that will ensure that a variety of delivery organisations have the opportunity and incentive to deliver services, where they are well placed to do so, and that they receive funding in the most appropriate form.
- Improve how the Council measures value for money in public services, by shifting the current focus on inputs, outputs, and unit costs, towards long-term measurement of outcomes and effectiveness.
- Develop the financial management information systems to enable the Council to assess the value for money it secures from different providers and to assess the impact of the commissioning practice on the voluntary sector.

7. Investing – It could be argued that all funding is an investment. In this context, however, it is used to define a mode of funding that is different from the other two in that it is not being given to deliver a specific service but is an investment in key organisations that will support the shared aims of the two sectors. The investment will support the wider outcomes of the review and the organisations that receive investment will have to evidence their contribution over the time they are funded.

7.1 The intention of the review is to strengthen key organisations that play a critical role in the delivery of NCC priorities by **encouraging collaboration and partnership** working to:

- Help sustain the sector through difficult financial times
- Better deliver second line support services
- Ensure front line services are supported

8. Financial Resources and Priorities. With finite resources available, priorities for the period 2010/2012 are seen as:

- valued services which support vulnerable people in current times of economic downturn i.e. Citizen Advice Bureaux and credit unions
- community hubs which will support sustainable communities i.e. development trusts and welfare centres
- strategic countywide investment being retained by relevant services e.g. culture, heritage and sport
- an increase in the level of Community Chest support to valued local activity
- support for infrastructure development channelled through the VCS Consortium.

9. Application Process

9.1 Giving

Area Based Funding/Community Chest

- Applications open from February 2010
- Details on website

9.2 Shopping

Currently through individual services but over time moving to achieving a commissioning overview arrangement

9.3 Investment

- Clear packages of work to be developed in conjunction with the VCS and confirmed in February 2010

10. Summary of Recommendations

1. This council recognises the different roles of giving, shopping and investing
2. To acknowledge that the primary mechanism for giving should be through the Community Chest managed by the Area Committees
3. To acknowledge that shopping is carried out directly by services in the Council in commissioning service delivery
4. To confirm that priorities for investing are:
 - valued services which support people in current times of economic downturn
 - community hubs which will support sustainable communities
5. To agree to development of multi year commissions with:
 - a Northumberland Citizens Advice service
 - VCS Consortium
6. To support the principle of subsidiarity with the allocation of resources agreed locally
7. To increase the maximum level of grant available via the Community Chest from £5,000 to £10,000
8. To ask the Federation of Northumberland Development Trusts to advise on allocation of funding for development trusts
9. To ask the South East Area Committee to advise on the allocation of funding to social welfares

11. Next Steps

- Engage with sector about the proposed approach and recommendations
- Report to Executive and Scrutiny
- Decide on relevant structure to take the relationship development and recommendations forward in discussion with the Compact Reference Group
- Prepare Community Chest process
- Develop Equality Impact Assessment
- Develop SLA for infrastructure development
- Develop SLA for advice and guidance

- Continue to develop proposals for commissioning overview

Comments are invited on the proposals in the paper by Friday 8 January 2010. Comments should be submitted to:

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