

CABINET DECISION

Access and Communities – Lead Cabinet Member – **Councillor David Coleman**

REVIEW OF THE VOLUNTARY SECTOR INVESTMENT FUND (VSIF)

SUMMARY

1. As agreed by Council as part of the MTFP in June 2013 a review of the Voluntary Sector Investment Fund (VSIF) has been undertaken. This paper outlines the outcomes from the review and identifies a recommended course of action and reinforces the commitment to the development of the VCSE. The efficiencies identified within the review are in addition to the £25,000 already removed from the Catalyst core grant, Practical Community Empowerment Support (PCES) contract and the Voluntary Sector Investment Fund identified in 2014/15 as part of the MTFP.

Recommendations

It is recommended that Cabinet agree to the following:

- a) Approve the new model for the SBC Market Development and Innovation Fund (MDIF)
- b) That the level of investment in the MDIF be set at £218k with an additional £50k in the medium term to support the market development element of the fund.
- c) Endorse the Compact.

3. Reasons for the Recommendations/Decision(s)

The report contains the findings and recommendations of the review of the Voluntary Sector Investment Fund.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code).

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

17TH JULY 2014

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION

Access and Communities – Lead Cabinet Member – Councillor David Coleman

REVIEW OF THE VOLUNTARY SECTOR INVESTMENT FUND

SUMMARY

1. As agreed by Council as part of the MTFP in June 2013 a review of funding within the Voluntary Sector Investment Fund (VSIF) has been undertaken. This paper outlines the outcomes from the review and identifies a recommended course of action and reinforces the commitment to the development of the VCSE. The efficiencies identified within the review are in addition to the £25,000 already removed from the Catalyst core grant, Practical Community Empowerment Support (PCES) contract and the Voluntary Sector Investment Fund identified in 2014/15 as part of the MTFP.

Recommendations

It is recommended that Cabinet agree to the following:

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- c) Endorse the Compact on behalf of the Council.

DETAIL

Background

2. As agreed by Council as part of the MTFP in June 2013 a review of the Voluntary Sector Investment Fund (VSIF) was undertaken. In addition to agreement by council/ cabinet the whole of the VCSE sector were made aware of and acknowledged the need for this review via a special workshop 'Scaling Everest' with CEO's in the sector and to the wider sector via the Catalyst Chronicle which was well received.
3. The review considered the current and future use of the VSIF (£239,000) in the context of the 2014-17 Council Plan and the objective within the Stronger Communities them to "support the continued development of a strong and vibrant VCSE". It also support the Council in meeting its requirements under the Social Value Act.

4. The efficiencies identified are over and above the £25,000 already removed from Catalyst core grant, the Practical Community Empowerment Support (PCES) contract and the Stockton Investment Fund in 2014/15.
5. Following extensive consultation with our local VCSE the council's current package of support to the sector, including the VSIF, was approved by Cabinet in 2010 and can be seen in figure 1. When the VSIF was established by Cabinet in 2010 its primary aim was to support the development and sustainability of a vibrant, thriving VCSE within the Borough. It was not linked to delivery of services.
6. The funding within the VSIF is not the totality of the sources of funding available to the sector. They can also secure funding through:
 - Commissioned services – Stockton Borough Council; Police and Crime Commissioner; Clinical Commissioning Group etc.
 - External fundingThe review excludes funding that goes to the VCSE through service-based commissioning.
7. The review objectives were:
 - a) To ensure there is support for capacity building, market development and sustainability of the local VCSE sector, which meets identified need both of commissioners and the sector itself
 - b) To ensure the VCSE sector is clear about the funding available through the VSIF and how to access it
 - c) To deliver the target efficiencies within the budget reduction proposals
8. The review was evidence-based and key stakeholders (including VCSE, LSP, LPSB and Commissioners) were involved in the consultation process. Recent research undertaken by ILG and Northern Rock on the state of the sector also supported the review and informed the outcomes, alongside evaluation of what the VSIF has achieved since its inception.

Changing Landscape and Wider Context

9. Nationally, regionally and locally the funding landscape for the VCSE has changed from a plethora of grants routed via the local authority creating a dependence in the sector and an increase in the funding pots targeted on the sector but flowing 'round' the local authority e.g. Big Local to commissioned services and this was factored into this review.
10. There was an appreciation of a need to link future commissioning cycles of public sector bodies, not only that of the Local Authority, to develop markets where there are identified gaps, this will mean identifying support and training the VCSE sector will require to exploit these opportunities, the VSIF was seen as one means of support to facilitate this.
11. The factors outlined above strengthened the case to review the VSIF were taken into account to ensure optimum use of all available funds and identify and reduce any duplication of support.

12. At the same time as this review was taking place there were a number of significant pieces of work concerning the VCSE:

- Catalyst were undertaking consultation with regards to rewriting the VCSE (Third Sector) Strategy and wanting to gain buy in from all public sector stakeholders as well as the sector itself
- The Compact needed to be refreshed in line with the changing commissioning landscape
- Work had also just begun on the development of a Volunteering Strategy for the borough.

13. The above consultations with stakeholders were combined in order to have a single conversation with the VCSE sector and public service commissioners and to ensure that any outcomes gave due consideration to each other.

HOW WE CONDUCTED THE REVIEW

14. The review utilised a number of methods to gather evidence including:

- A review of the impact of the fund to date
- External research conducted on behalf of Northern Rock/ Institute of Local Governance (ILG)
- Consultation with stakeholders

15. A consultation plan was prepared to engage with key stakeholders and a series of events were held as part of the consultation process. They included:

- VCSE Chief Executive Breakfast consultation
- Public sector stakeholder consultation
- Voice members consultation (VCSE)
- VCSE communication channels e.g. Voice Forum, Catalyst bulletin and Chronicle

16. These consultations covered the identified topics of :

- The SBC VSIF
- The Compact
- VCSE (Third Sector) Strategy which was led and will be reported on by Catalyst.

WHAT THE EVIDENCE TOLD US

Voluntary Sector Investment Fund (VSIF)

17. The Consultation told us that the support from SBC for the VCSE was “much appreciated” and “is impressive”. There was overwhelming support for the VSIF from the sector and a recognition that it was adding value and making a positive difference to VCSE organisations.

18. The Voluntary Sector Investment Fund has had some notable successes (see Appendix 1) and has as already noted had a broader reach than its predecessor, the Voluntary Sector Support Fund (VSSF). Where it works really well is where VCSE organisations have a clear vision of what they need and how they need to develop

their services in a different direction, this opinion is also reflected in the National research.

19. There is a genuine recognition from all stakeholders, public sector and VCSE, that Stockton requires a robust and sustainable VCSE that can be further developed to provide services for residents. The VSIF was seen as promoting this and it has been good for moving organisations on in their thinking about funding and in creating an understanding that it is different to core funding.
20. There is, however, an acknowledgement from both the VCSE and the commissioners that the VSIF needs to move the organisations on even further to help them change as the market requires them to take up opportunities that are presenting themselves through Big Ticket and service reviews within the Council and organisational / service changes across the wider public sector.
21. Good quality training and development opportunities for organisations and individuals are seen by the sector as essential to facilitating this change. The consultation showed that there was still a requirement for the workshops funded from the VSIF, these often benefited a number of organisations. They were seen to be of particular value when they were strategically linked to commissioning opportunities and could support VCSE organisations at a time when they need it most.
22. Currently the VSIF is open twice a year, VCSE organisations found that they could not always access the fund when they needed to and would like more flexible access to funding linked to market development and other opportunities.
23. £10,000 from the VSIF has previously been used as a Bursary fund, to fund specialist training that is too expensive for VCSE organisations to attend. This has been a very successful initiative with one £320 Bursary given to one organisation that resulted in a DoH grant of £365,000.
24. The 'Step-Change' programme supports organisations to move on, to merge, scale up or to close with as little impact on the customer as possible. This programme has enjoyed success and has been valued by the organisations that have used it.
25. Throughout the Step-Change programme a number of key areas for training have been identified, which reflect current external research, these will be included in the Workshop programme for 2014/15:
 - Strong Governance
 - Creating a Clear Vision
 - Better Business Planning
 - Resilience
26. The workshop programme, including the Bursary and Step-Change, were valued by public sector stakeholders and VCSE alike as both felt they had benefitted considerably from the organisational development that had taken place within the VCSE organisations that have engaged in them.
27. VCSE organisations and commissioners both identified bid /tender writing skills as being necessary for a robust VCSE.

28. Whilst some progress has been made in relation to this there is more to do to support the local VCSE to better compete in the public sector marketplace. We have traditionally bought these services in for those who need them. However there are organisations who are funded externally from Europe and the Challenge Fund (North East Social Enterprise Partnership (NESEP) and Community Ventures Limited (CVL)) to offer such support. This is an area which we can further maximise and make better use of the opportunities offered to ensure efficiencies are realised.
29. The proposals within this report are due to come into effect from April 2015 in line with the plan agreed by Council. However, in order to support the continued development of the local VCSE market as outlined in the approved Council Plan for 2014-17 and to be able to respond to the evidence presented through this review, by the sector itself, it is acknowledged that some additional funding is required in the short-medium term to ensure the sector is better placed to access opportunities that are likely to be presented before the new approach has had chance to take effect.
30. Opportunities are likely to arise as a result of the Council (and other public sector bodies) procurement plans and service reviews and therefore we have allocated £50k additional funding to support this over the short-medium term. This is RIEP legacy funding that is already in the budget and we will work with Catalyst and the sector to ensure this is effectively utilised to develop and support local VCSE organisations to be able to identify and access such opportunities.
31. Throughout the consultation it was also apparent that in addition to funding for Market Development there is still a need for the sector to be able to innovate in a number of ways that may require funding to help them, this is also reflected in research by ILG and can be defined as:
- **Product or service innovation**, where organisations have developed a new approach to service to tackle a particular issue
 - **Positioning innovation**, where organisations change their practices so that an existing approach to the delivery of a service is offered to new constituencies of users
 - **Paradigm innovation**, where organisations use original enterprising practice to produce sufficient surpluses to tackle social issues that they think is important
 - **Innovation in inter- and intra-sector working**, where organisations work together in new ways to achieve complementary and better outcomes.
- (Source: Chapman, T and Robinson, F, Keeping it Simple – how to work effectively with the Third Sector. A discussion paper and evidence review for local authorities. 2014)*

The Compact

32. The Compact is essentially a set of principles, agreed by the public sector and VCSE, whereby all parties agree to work together to effectively achieve common goals and outcomes for the benefit of local residents. It sets out commitments on how we will work together in terms of consultation, representation of the VCSE, commissioning and the procedure for conflict resolution. In many ways local

compacts reflect the national compact between government departments and the VCSE.

33. As part of the process of refreshing the Compact all public sector partners were asked to support the refresh with an official sign-off date of 24th September 2014 at the LSP Business event. All public sector partners supported this suggestion and have participated in the work on the refresh.
34. VCSE organisations have participated in the workshops and an additional workshop held by Catalyst on the 2nd June 2014 to secure their support for Catalyst to sign up to the Compact on behalf of the VCSE sector.
35. A common understanding of the Compact has been agreed and all stakeholders. The revised Compact is attached as Appendix 3, for endorsement by SBC.

Conclusions

36. The VSIF has worked well to date but to enable the VCSE to exploit potential opportunities a more flexible fund is required that enables the VCSE to develop to meet changing needs. It is proposed changing the VSIF to a Market Development and Innovation Fund (MDIF) to better support the VCSE and help them to exploit future commissioning opportunities in line with objectives and intent within the Council Plan and Social Value Policy.
37. It is also proposed that all of the VCSE training and development opportunities funded through VSIF are brought together with other external training and development partners and opportunities within the Stockton VCSE Centre of Excellence co-ordinated through Catalyst, with all partners promoting to their constituent members. This will give the VCSE sector clarity with regard to where to access organisational and professional support, reduce duplication and will also realise the efficiencies required from the VSIF review.
38. The proposed SBC Market Development and Innovation Fund can be found in Appendix 2.

NEXT STEPS

39. Communication of the results of the review, once approved, to the stakeholders in particular to the VCSE sector.
40. Develop the criteria and mechanism for accessing funding via the MDIF.

FINANCIAL IMPLICATIONS

41. £21,000 efficiency savings are removed from the VSIF to contribute to the agreed MTFP. This combined with the efficiencies previously secured from the Catalyst core grant, the PCES contract and the VSIF equates to £46,000 total efficiencies from the VCSE. In spite of these efficiencies being realised there is still £218k within the budget allocated to supporting the development of the VCSE, alongside the core grant to Catalyst, the contract to deliver community empowerment support and the

significant funding that VCSE organisations receive (~ £5million in 13/14) through commissions to deliver SBC services.

LEGAL IMPLICATIONS

42. There are no legal implications at this stage.

RISK ASSESSMENT

43. This review of VSIF has a low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITIES STRATEGY IMPLICATIONS

44. Not applicable.

EQUALITIES IMPACT ASSESSMENT

45. This report is a progress report on previously agreed recommendations and commitments and is therefore not subject to an Equality Impact Assessment.

CONSULTATION INCLUDING WARD/COUNCILLORS

46. As indicated in the report.

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Education related? No

Background Papers

Ward(s) and Ward Councillors Not ward specific

Property No property implications