

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**19<sup>TH</sup> MAY 2016**

**REPORT OF DIRECTOR OF  
HR, COMMUNICATIONS &  
LEGAL**

### **CABINET DECISION**

**Portfolio (Access, Communities and Community Safety) – Lead Cabinet Member –  
Councillor Steve Nelson**

#### **SUPPORT TO THE VOLUNTARY, COMMUNITY AND SOCIAL ENTERPRISE SECTOR (VCSE)**

1. Summary

Stockton Borough Council has a long track record of supporting the VCSE and has a strong partnership and positive relationship with the sector, which is viewed as a model of good practice nationally, regionally and locally. The landscape in which both the VCSE sector and public sector operates continues to significantly change. Change that presents a variety of opportunities to support the sector on its journey of sustainability and help the Council in meeting the objectives set out in strategic plans.

As part of the Big Picture programme agreed by Council a review of support to the VCSE has been undertaken and delivers savings of £175k by 18/19. This will be delivered through a combination of revenue savings from an internal staffing review and, following additional investment in the sector for 2 years to address the review findings, a reduction in the overall grant funding to the sector. The funding currently invested in the sector (not including commissioned services) is £368,250 comprising grants to Catalyst and Stockton Resident's and Community Groups Association and a Market Development Fund.

The review identified strong support for the infrastructure model and acknowledged and evidenced the progress the sector as a whole has made on the journey to sustainability, particularly where organisations have recognised and embraced the need to do things differently. It identified a number of areas that could be improved or considered to ensure there is a more strategic and proactive approach to development and sustainability of the sector that will require some additional capacity in the short-term in support of achieving objectives within the Council Plan.

The Council remains committed to supporting the sector on its journey from dependency to self-sufficiency and the recommendations in this report reflect that commitment.

2. Recommendations

Cabinet is recommended to:

- i. Retain the core grant to Catalyst of £89,250 for the current period 16/17 through 17/18 and 18/19. This provides Catalyst with a 3 year financial planning window.
- ii. Not renew the contract for community empowerment support following the current contract end date of March 17.

- iii. Agree some additional capacity is provided to Catalyst for the next 2 years with some clear outcomes to address the identified capacity issues in relation to market stimulation and development, asset transfers, external funding and strategic leadership/business development of the sector. This capacity to be secured through fixed-term secondments following the internal review of HR, Communications and Legal (which includes the Community Engagement Team).
- iv. Agree that following the conclusion of the fixed-term secondments identified above, in support of sector sustainability, £95k of revenue savings from the community engagement element of that review is secured.
- v. Continue to invest in support of sector sustainability through the Market Development Fund but reduce it by £40k (to £199k) in 18/19 following the additional investment to deliver the outcomes noted at (iii) above.
- vi. Note that the contract with Catalyst will be reviewed and amended to take account of the key findings from this review with a clear and robust contract monitoring framework in place.

### 3. Reasons for the Recommendation(s)/Decision(s)

To secure savings to contribute to the 'Big Picture' Programme outlined to Cabinet in June 2015.

### 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)

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**CABINET DECISION**

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**SUMMARY**

Stockton Borough Council has a long track record of supporting the VCSE and has a strong partnership and positive relationship with the sector, which is viewed as a model of good practice nationally, regionally and locally. The landscape in which both the VCSE sector and public sector operates continues to significantly change. Change that presents a variety of opportunities to support the sector on its journey of sustainability and help the Council in meeting the objectives set out in strategic plans.

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The review identified strong support for the infrastructure model and acknowledged and evidenced the progress the sector as a whole has made on the journey to sustainability, particularly where organisations have recognised and embraced the need to do things differently. It identified a number of areas that could be improved or considered to ensure there is a more strategic and proactive approach to development and sustainability of the sector that will require some additional capacity in the short-term in support of achieving objectives within the Council Plan.

The Council remains committed to supporting the sector on its journey from dependency to self-sufficiency and the recommendations in this report reflect that commitment.

**RECOMMENDATIONS**

Cabinet is recommended to:

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- iii. Agree some additional capacity is provided to Catalyst for the next 2 years with some clear outcomes to address the identified capacity issues in relation to market stimulation and development and asset transfers, external funding and strategic

leadership/business development of the sector. . This capacity to be secured through fixed-term secondments following the internal review of HR, Communications and Legal (which includes the Community Engagement Team) reported elsewhere on this agenda.

- iv. Agree that following the conclusion of the fixed-term secondments identified above, in support of sector sustainability, £95k of revenue savings from the community engagement element of that review is secured.
- v. Continue to invest in support of sector sustainability through the Market Development Fund but reduce it by £40k (to £199k) in 18/19 following the additional investment to deliver the outcomes noted at (iii) above.
- vi. Note that the contract with Catalyst will be reviewed and amended to take account of the key findings from this review with a clear and robust contract monitoring framework in place.

## DETAIL

1. The Council has a long track record of supporting the voluntary, community and social enterprise sector grounded in professional and positive relationships. The infrastructure model in place in Stockton has served the sector and the local authority well and is recognised as a model of good practice elsewhere.
2. Locally and regionally the traditional models of voluntary development agencies have continued to decline and in many instances, including locally, have ceased to exist with authorities reducing or ceasing core funding.
3. Stockton has historically reviewed, and reported through Cabinet, the support it gives to the VCSE on a regular basis in order to ensure the support is fit for purpose in line with the objective of ensuring a vibrant and sustainable VCSE.
4. As part of the programme of reviews agreed by Council in 2015 a review of the current package of support to the sector has been undertaken.
5. The review was undertaken based on the following objectives:
  - a. To identify and review the range of support in place for the VCSE funded by SBC, whilst retaining the Councils commitment to moving the sector along its journey from dependency to self-sufficiency
  - b. To ensure that any future support package is clearly linked to meeting the strategic needs and priorities of SBC as a primary focus
  - c. To identify opportunities to work with the sector to capitalise on external and alternative funding models to aid sustainability
  - d. To enhance the sustainability of the VCSE through maximising opportunities presented through changes in public sector service delivery
  - e. To work with Catalyst to ensure the outcomes from the review are clearly understood and communicated
  - f. To ensure links are made in relation to any appropriate internal staffing reviews as a result of the Planning for the Future organisational change programme.
6. Included in the scope of the review were:
  - a. The core grant to Catalyst (£89,250)
  - b. The core grant to Stockton Residents and Community Groups Association (£40,000)
  - c. The Market Development and Innovation Fund (formerly the Stockton Investment Fund) (£239,000)

7. The review did not include:
  - a. Funding provided to the VCSE through commissioned services
  - b. The trust funds entrusted to Tees Valley Community Foundation to support smaller organisations with grant funding
  - c. The Community Engagement Team within SBC (although point 5f above should be noted)
8. The detail of package of support in the scope of this review is presented at Appendix 1.
9. A combination of desk-based research, contract monitoring and discussions with key stakeholders both in SBC and in the VCSE has shaped the recommendations to Cabinet. The detail of the findings is also presented at Appendix 1, but in summary indicate:
  - a. Clear support to retain the infrastructure model
  - b. Strong recognition that the operating context for the sector has and will continue to significantly change. The sector needs to 'act now' if they are to take advantage of the opportunities presented through changes in public sector service delivery
  - c. Questions as to whether Catalyst and other key organisations in the sector currently has the capacity and skills to strategically and proactively identify, present, challenge and work with the sector, commissioners and service review leads to realise those opportunities, address gaps in the market in new and different ways and develop robust business cases.
  - d. Continued support for a fund to facilitate and enable organisations to diversify, collaborate or 'tool-up' to maximise on opportunities both in Stockton Borough and elsewhere
  - e. Challenges linked to capacity evidenced by lack of timely progress, innovation etc., in relation to significant pieces of work e.g., business cases in support of asset transfer, alternative delivery model for home care, volunteering strategy which has meant others have had to pick up and/or support the work.
  - f. A need for the sector to be better supported to identify and evidence what their added value is, what their 'unique selling points' are and how they can demonstrate impact
  - g. A need for the local authority to 'build the picture' of what opportunities are potentially available in a more timely fashion and to actively consider and engage with the sector in a more strategic way and earlier in the process.
  - h. The need for a more detailed understanding of the sector beyond simple baseline information.
  - i. Challenges as to whether there has been any robust examination of alternative funding models such as social finance and/or a clear and proactive strategy for the sector in accessing significant external funding, beyond simply emailing out funding information.
  - j. High levels of satisfaction with majority of Catalyst services to its members
  - k. The successes of the Centre of Excellence model within Catalyst with headline outcomes including:
    - i. Levering in ~ £560K in 14-15 with a projection of an additional £289K in 15/16, 16/17 to the sector from grants, contracts and successful funding bids.

- ii. 30 workshops/learning opportunities, attended by 386 individuals with 85 separate organisations saying they benefitted from attending (over an 18 month period).
  - iii. 10 organisations accessed Step Change in 13/14 and 7 in 14/15. One organisation doubled their business in 12 months, securing contracts and funding worth £66k and growing from 2 to 4 paid members of staff and 2 to 6 volunteers.
  - iv. Through the bursary programme one organisations has been supported to achieve accreditation to deliver Duke of Edinburgh Awards Scheme which has seen them extend their youth offer to 4 regular sessions per week reaching 42 young people (2015) to around 75 (2016) primarily through the use of volunteers.
- I. An emerging view that the success of Centre of Excellence should be built on and consideration given to developing a coherent 'leadership/business development' programme
  - m. An increasing 'blurring' of the lines between Catalyst and SRCGA but generally seen as positive i.e., 'one door in'.

## **CONCLUSION**

- 10. There is strong support for the Catalyst infrastructure model with clear evidence of success in terms of many of the key requirements within our relationship and contract. The review identified a need for consideration to be given to reviewing some of the successful programmes and further develop them.
- 11. There is clear recognition of the opportunities that changes in the public sector landscape present for the VCSE but a lack of capacity to take a strategic approach and proactively engaging with the key stakeholders and VCSE organisations to realise and maximise those opportunities in a timely manner, as well as being able to identify and evidence added value and impact. This could lead to missed opportunities for the sector and frustration and disappointment amongst commissioners and Service Review leads looking to the sector as a means of delivering things differently.
- 12. The demand for support by smaller community groups and residents associations has reduced as they have become more self-sufficient and increasingly Catalyst is being used as the point of access.

## **COMMUNITY IMPACT IMPLICATIONS**

- 13. The decision does not relate to a change in policy or service delivery and therefore does not have any direct impact on either geographic communities or communities of interest. The proposals and recommendations are aimed at enhancing support to the VCSE in support of a number of key objectives in the Council Plan. The proposals relating to market development/stimulation are aimed at supporting the sector to meet identified gaps in the commissioner marketplace, including those markets that are aimed at targeting the vulnerable. Consultation has taken place with key stakeholders both within the local authority and the VCSE.

## **FINANCIAL IMPLICATIONS**

- 11. Should the recommendations within the report be agreed savings of £100k in 17/18, rising to £175k in 18/19 can be achieved.

## **LEGAL IMPLICATIONS**

- 12. None of the areas within the scope of the review fall within any statutory duties or requirements.

## **RISK ASSESSMENT**

13. “This (subject matter of report) is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.”

### **COUNCIL PLAN POLICY PRINCIPLES AND PRIORITIES**

14. The proposals relating to market development/stimulation are aimed at supporting the sector to meet identified gaps in the commissioner marketplace, including those markets that are aimed at protecting the vulnerable and targeted intervention. It also supports the policy principle relating to creating economic prosperity through the continued development and sustainability of the VCSE.

### **CORPORATE PARENTING IMPLICATIONS**

15. Not applicable

### **CONSULTATION INCLUDING WARD/COUNCILLORS**

16. Not applicable – does not relate directly to specific wards, a policy change or frontline service delivery.

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Education related? No

Background Papers None

Ward(s) and Ward Councillors: Not applicable

Property None



## Detail of VCSE Package of Support and Review findings

Organisation/ Funding	Key purpose/objectives	Review findings
<p>Catalyst Core Grant (£89,250)</p> <p>The core grant to Catalyst is covered by an operational funding agreement and monitoring framework. The current agreement period is April 2014 to March 2017.</p>	<p>The areas of activity within the agreement are detailed below. It should be noted that some of these activities are in conjunction with SRCGA and/or the SBC Community Engagement Team.</p> <ul style="list-style-type: none"> <li>• To act as a catalyst, drawing in other resources from other funders and stakeholders</li> <li>• To support the development of strong VCSE organisations providing excellent services</li> <li>• To produce the local strategy for the VCSE, support its implementation and monitor it</li> <li>• To proactively engage with and contribute to key strategic working arrangements</li> <li>• To lead and advocate on behalf of the sector</li> <li>• To facilitate sector engagement in informal/formal structures</li> <li>• Work collaboratively with other national, regional and local infrastructure organisations to ensure a strategic voice at all levels of policy and decision making</li> <li>• Maximise external funding</li> <li>• Demonstrate best practice in its own governance arrangements as a role model for the sector</li> <li>• Undertake a bi-annual peer and stakeholder satisfaction survey that is independently corroborated</li> <li>• Development and maintenance of a 'toolkit' and support for community centre management committees and other VCSE organisations in support of asset transfer</li> <li>• Develop and deliver the Centre of Excellence Programme and the Step Change Programme</li> <li>• Develop a rationalised approach to 'Voice' and community empowerment</li> <li>• Ensure that communication with the sector is effective and is evaluated</li> <li>• To promote the VCSE</li> <li>• To work with SBC on market development to ensure the local VCSE can maximise relevant opportunities linked to public service delivery (specific activity for 15/16)</li> <li>• Develop and implement the Volunteering Strategy (specific activity for 15/16)</li> </ul>	<p>Contract monitoring, ongoing relationship meetings and submitted reports indicate:</p> <ul style="list-style-type: none"> <li>• General overall delivery against contract. One or two areas where progress slower than expected/agreed and some that appear to have hit significant hurdles e.g., proactive and strategic approach to market development to optimise opportunities for public sector service delivery linked to the Big Picture programme in the local authority, Asset Transfer, development, implementation of the volunteering strategy and developing a strategic approach to funding (for example).</li> <li>• The need for the local authority to be clearer about what it sees as the opportunity picture and to engage earlier with the sector.</li> <li>• A need for the authority to have a better informed understanding of the state and nature of the sector beyond simple and incomplete baseline information.</li> <li>• Continued and strong support for the Catalyst model of an infrastructure organisation</li> <li>• Evidence of significant value and success of the Centre of Excellence Programme which comprises; support to identify and secure grant funding (including access to a professional bid writer), providing training opportunities to meet needs in the sector, the Step Change Programme (supports organisations going through a major change or who recognise a need to diversify) and a bursary scheme for professional development.</li> <li>• High level of 'visibility' for local sector but some questions on how truly representative Catalyst is in all the places it currently is deemed to be representing the sector. *It was acknowledged that in some arenas it may not be appropriate for a specific organisation to fulfil that role (e.g., where they may gain advantage in terms of funding opportunities)</li> </ul>

Organisation/ Funding	Key purpose/objectives	Review findings
<p>Stockton Residents and Community Groups Association Core Grant (£40,000)</p> <p>The contract with SRCGA has been in place since 2009/10. It has operated on a 'tapered funding' arrangement from £60,000 in 13/14 to the current contract for £40,000 for 16/17.</p>	<p>The key elements of the contract are:</p> <ul style="list-style-type: none"> <li>• Building sustainable empowerment including capacity building for resident and community groups across geographic and communities of interest across the Borough</li> <li>• Supporting Catalyst to deliver strategic messages to grassroots organisations</li> <li>• Work with Catalyst and community engagement team to strengthen Community Centre Management Committees</li> <li>• Supporting groups to access additional resources including funding, training and professional support</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing integration/overlap with work of Catalyst particularly in relation to promoting information on available funding, giving groups a 'voice' in formal structures.</li> <li>• Questions on sustainability/viability – 2 part-time staff</li> <li>• Catalyst frequently used as route in to SRCGA support</li> <li>• Suggestion that a toolkit could be developed/may already be available to signpost groups to that want to become formally constituted.</li> <li>• Some successes – but small number of groups supported (access funding, general 'governance' support, bringing active residents groups together with officers, members to tackle specific issues</li> </ul>
<p>The Market Development and Innovation Fund (formerly the Stockton Investment Fund) (£239,000)</p>	<p>The Investment Fund was established in 2011/12 as a legacy to the Voluntary Sector Support Fund as part of an EIT review. Reports to Cabinet in January 2012 and July 2014 both reported on the progress and positive impact of the fund. The 2014 report established the principle of the Market Development Fund to be implemented from 2015 to support development in the sector to maximise the opportunities presented through the changes to public sector service delivery, including filling gaps in the market.</p>	<ul style="list-style-type: none"> <li>• Support for the model of a fund to be used to: <ul style="list-style-type: none"> <li>➤ develop organisations to meet identified gaps in the market</li> <li>➤ stimulate more entrepreneurial thinking and innovation</li> <li>➤ maximise opportunities presented as a result of changes in public sector delivery</li> </ul> </li> <li>• No strategic approach to identifying the opportunities</li> <li>• Lack of proactivity in bringing relevant organisations 'to the table' (both VCSE and commissioners)</li> <li>• 'Missed' opportunities and the 'clock is ticking'</li> <li>• Whether there is sufficient capacity/skills in the right place to pick this up</li> </ul>