

EXECUTIVE

17th March 2022

Report Title	Strategic Voluntary Sector Grant Agreements and programme of work to define the future working arrangements with Voluntary, Community and Social Enterprise Sector
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List of Appendices

Appendix A – Table outlining the current strategic grant funding arrangements

1. Purpose of Report

- 1.1. The purpose of the report is to seek approval to develop a new Communities Strategy to guide the Council's relationships and framework which will address future working arrangements with the Voluntary, Community and Social Enterprise (VCSE) sector, principally in the area of delivering specialist support to residents in North Northamptonshire.
- 1.2. This is a significant piece of work that will involve considerable co-production with the VCSE sector, other public sector partners and Council departments, to define our future relationships with the voluntary sector to effectively support the delivery of our objectives set out in the Corporate Plan.
- 1.3. The programme of work in developing the Communities Strategy and Strategic Funding Framework will use the objectives in the Corporate Plan as guiding principles to ensure VCSE organisations are commissioned accordingly. **Appendix A** provides a summary of the current funding arrangements against the six Corporate Plan Priorities. For example:
 - a) The current grant funding to the Youth Works organisation would support the **Building better, brighter futures** objective through the work they undertake in supporting young people with opportunities to help them flourish, in particular those excluded from formal education.
 - b) The community safety funding which supports the work of the Northants Sunflower Centre in providing support and advice to victims of domestic

abuse falls under **Helping people to lead active, fulfilled lives** by supporting them to move away from an abusive situation to enable those affected to live independently and safe from harm.

- 1.4. The proposals in this report include putting short-term arrangements with the sector in place to help retain vital support while the Council develops its Communities Strategy.

2. Executive Summary

- 2.1. The VCSE provides valuable support to people across Northamptonshire. Some organisations provide very specialised work such as debt casework, counselling and drug treatment and recovery. The range and geographical coverage of organisations in the sector is comprehensive.
- 2.2. This report sets out the current funding arrangements between the Council and VCSE organisations inherited from the sovereign councils, including the objectives for each project brief, funding allocations and performance summary.
- 2.3. The Executive is asked to support the proposal to continue with the current funding arrangements for a two-year extension, which includes the opportunity to strengthen the Performance Indicators and to review the project briefs and Grant Agreements, to ensure best value from the ongoing investment.
- 2.4. North Northamptonshire Council has the opportunity to work with the VCSE and other public sector partners to develop a strategic approach and framework which will shape and define how we work across a number of potential thematic areas, that include:
 - Adoption of a corporate commitment to working in equal partnership through co-production;
 - Strengthen the ability of the VCSE sector to deliver projects and connect communities through engaging residents, leading community action, supporting people in the most vulnerable situations and brokering relationships between statutory bodies and communities; and
 - VCSE infrastructure support arrangements to improve sustainability and increase growth in the VCSE sector, developing fit for purpose, sustainable organisations able to deliver high quality projects with diversified income streams and less reliance on grants, with a more commercial focus and which are flexible and adaptable to change.
- 2.5. The Executive is asked to recognise the programme of work required to develop a Communities Strategy and delivery framework, including refreshed investment arrangements which might take up to two years to complete if we are to co-produce this in a meaningful way.

3. Recommendations

- 3.1. It is recommended that the Executive:
- a) Approves the proposed programme of work to develop a Communities Strategy and framework which set out our future relationships and working arrangements with the VCSE.
 - b) Approves the extension of current strategic grants for the financial years 2022-23 and 2023-24.
 - c) Delegates authority to the Portfolio Holder for Housing and Communities, in liaison with the Executive Director, Adults, Community & Wellbeing, to take any further decisions and/or actions required to deliver the programme of work to develop the strategy and to deliver the strategic grants during 2022-23 and 2023-24.
- 3.2. Reasons for Recommendations:
- a) To provide funding with the current VCSE organisations as set out in Appendix A, providing stability in the sector for the next two financial years.
 - b) Sets out a clear approach to working with the VCSE and other public sector partners to develop a strategic approach and framework to commissioning projects in the voluntary sector.
- 3.3. Alternative Options Considered: These are set out in paragraphs 5.10-5.18 below.

4. Report Background

- 4.1. The VCSE provides valuable support to people across Northamptonshire. Some organisations provide very specialised work such as debt casework, counselling and drug treatment and recovery. The range and geographical coverage of organisations in the sector is comprehensive.
- 4.2. In recent years, financial cuts both nationally and locally have put significant pressure on the organisations in the sector. In some cases, organisations have been forced to use their reserves to continue operating, which of course is not sustainable in the long-term. It is expected that this scenario will increase in the coming years as more pressure is placed on public sector budgets.
- 4.3. The current funding arrangements with VCSE organisations involve a mixture of grants, service level agreements and contracts that were created by North Northamptonshire Council's predecessor councils. Some of those arrangements have been in place for some considerable time and most have extensions to the original agreement periods to support their transfer into the current authority from 1st April 2021. Appendix A provides a summary of the current arrangements, annual grant payments totalling £1,415,766 per annum.

- 4.4. The current funding arrangements with VCSE organisations created by the sovereign councils were subject to an application process and were awarded accordingly.
- 4.5. Before Vesting Day officers at the previous sovereign councils sought approval to extend the grant funding as outlined below:
- a) Borough Council of Wellingborough's grants were agreed to be extended until March 2022;
 - b) Corby Borough Council's grants were agreed to be extended in July 2018 until March 2024;
 - c) East Northamptonshire Council's grants were agreed to be extended until March 2022; and
 - d) Kettering Borough Council's grants were agreed to be extended in November 2019 until March 2023.
- 4.6. Overall, the current arrangements are performing well, and current grant agreements are closely monitored. However, they were introduced and set up by the predecessor councils. As a new authority, the Council now needs to develop a Communities Strategy to develop its working arrangements with the sector to maximise the Council's resources and that of the sector for the benefit of our residents and communities. Furthermore, it provides a good opportunity to take a holistic view of how wider services across the Council could be part of this new relationship. Several services utilise the sector to deliver projects, either through contracts or other agreements.
- 4.7. Performance of the current providers is monitored on a quarterly basis. Prior to the formation of the Council, East Northants Council did not report to committee regarding performance, however, they did publish the quarterly results on their website. All other sovereign councils reported performance to appropriate committee on a regular basis:
- a) Borough Council of Wellingborough – half yearly reporting
 - b) Corby Borough Council – half yearly reporting; and
 - c) Kettering Borough Council – half yearly reporting.
- 4.8. Through the arrangements in place between the Council and VCSE organisations there are options available for the Council to withhold payment, for example, if the recipient does not make satisfactory progress with the delivery of the project or uses the funds for purposes other than those for which they have been awarded.

5. Issues and Choices

- 5.1. The VCSE sector is vital to the life of North Northamptonshire. Its organisations connect communities, support individuals, deliver services and bring people together. The sector is innovative, dynamic, and resourceful. It does not just fill the gaps in between public services; it's more often the first port of call for people, where they go for friendship, support and to give something to their local area.
- 5.2. Voluntary and community groups of every shape and size have seen huge changes over the last few years, positives, and negatives. Financial challenges, the new Unitary Councils and the response to Covid-19 have prompted a re-focus within the sector, a fresh look at what is being delivered and achieved, what is needed and what the aspirations are. Quality and sustainability are essential not just for survival, but to thrive. Relationships have been challenged, and have changed, but seem to have emerged stronger than ever, with more demand and desire for collaboration, within and across sectors, and greater recognition and valuing of voluntary and community groups.
- 5.3. Strong communities are ones where individuals and families have opportunities to improve their health and wellbeing, achieve their aspirations through education and employment, feel safe, can enjoy their environment, and can play an active part in their local community.
- 5.4. Local people are often best placed to support each other and take positive action to improve their area. Individual residents can take action that has a huge impact on their family, friends, and neighbours, from volunteering with a local group, improving their own health and wellbeing, or just by being neighbourly.
- 5.5. Best practice in this field, focusses not just on strong partnerships, collaboration, and sustainable financial investment into voluntary and community organisations, but on meaningful co-production with the sector. The sector should have opportunities to shape public services at an early stage, acting as equal partners in both development and delivery of local services.
- 5.6. As a new Council North Northamptonshire has a real opportunity to work with the VCSE and other public sector partners to develop a strategic approach and framework which will shape and define how we work across several thematic areas:
 - Adoption of a corporate commitment to working in equal partnership through co-production
 - Strengthen the ability of the VCSE sector to deliver projects and connect communities through engaging residents, leading community action, supporting people in the most vulnerable situations and brokering relationships between statutory bodies and communities
 - Financial investment into the sector which promotes sustainability through strategic grant giving, commissioning or other arrangements such as Social Investment Bonds

- VCSE infrastructure support arrangements to improve sustainability and increase growth in the VCSE sector, developing fit for purpose, sustainable organisations able to deliver high quality projects with diversified income streams and less reliance on grants, with a more commercial focus and which are flexible and adaptable to change
- Support for Volunteering
- Asset based community development which increases community resilience and empowers our residents and communities to work together to help themselves and each other and make positive change happen in their communities
- Support to emerging Social Enterprise organisations
- Define our approach to the devolution of Council services to local councils and VCSE organisations.

5.7. There is recognition that the work required to develop a Communities Strategy and delivery framework, including refreshed investment arrangements, might take up to two years to complete if we are to co-produce this in a meaningful way. This programme of work is being scoped and detailed timelines are yet to be defined. However, advice from legal services is that the existing grants and contracts inherited from the former sovereign councils are outdated, having been extended in some cases multiple times.

5.8. A decision is therefore required by the Executive on the interim grant agreement arrangements to cover the financial years 2022-23 and 2023-24.

5.9. On the advice of legal services, there are three options as to the approach to these interim arrangements.

5.10 Option 1 – Do Nothing

5.10.1. Do nothing means that notice would be served on all organisations currently funded to assist vulnerable residents across North Northamptonshire as listed in Appendix A. As per the agreements notice of termination is three months' notice in writing.

5.10.2. Table 1 sets out the advantages and disadvantages for this option:

Criterion	Comment
Advantages	<ul style="list-style-type: none"> • Potential saving of £1,415,766 for 2022-23 with the cessation of these grants
Disadvantages	<ul style="list-style-type: none"> • Potential to cause additional financial pressures to the sector • Potential reduction of assistance available for vulnerable residents • Adverse publicity for the Council

5.11 Option 2 – Interim Commissioned Arrangements

- 5.11.1. The Council establish new grant giving agreements for an interim period, 1st October 2022 to 31st March 2024, which would involve a simple application process leading to a grant award.
- 5.11.2. It is envisaged that such an application process would require six months to complete and that would cover:
- Internal consultation and proposals on what the Council wished to fund
 - preparation of application documents including project briefs;
 - application stage;
 - evaluation and analysis stage; and
 - grant awards procedure approved by the Executive.
- 5.11.3. In practical terms under this option, the application process could not commence until 1st April 2022. Therefore, it would be necessary to extend the current arrangements from 1st April 2022 to 30th September 2022. The new grants would therefore commence 1st October 2022 and terminate 31st March 2024.
- 5.11.4. Officers would then continue to develop and build on the Council's relationship with the sector and put in place the arrangements it needs in terms of service delivery, including the development of a co-produced Community Strategy and a strategic funding policy and procedures.
- 5.11.5. This option would allow the opportunity to strengthen the Performance Indicators and to review the project briefs and would open the opportunity to bid for funds to the wider sector, to ensure best value from the ongoing investment, albeit on a tight timescale.
- 5.11.6. Table 2 sets out the advantages and disadvantages for this option:

Criterion	Comment
Advantages	<ul style="list-style-type: none">• Open and fair process for all the sector organisations• Continuation of assistance to vulnerable residents• Maintains and develops relationship with the sector• Would demonstrate best value for money• Allows for the opportunity to design and deliver the future Community Strategy
Disadvantages	<ul style="list-style-type: none">• Officer capacity to undertake a review of all the current arrangements and preparation of new project proposals and briefs and the grant agreements in a short timescale

Criterion	Comment
	<ul style="list-style-type: none"> • Potential to cause additional financial pressures to the sector • No funding policy for strategic grants to the voluntary sector yet in place

5.12 Option 3 – Extension of Current Arrangements

- 5.12.1. The extension of the current arrangements would see the existing provisions, as set out in Appendix A, continue for a further two financial years – 2022-23 and 2023-24.
- 5.12.2. Officers would then continue to develop and build on the Council's relationship with the sector and put in place a co-produced Community Strategy and a Strategic Funding Framework.
- 5.12.3. This option, as outlined in point 5.11.5, would still allow the opportunity to strengthen the Performance Indicators and to review existing arrangements, to ensure best value from the ongoing investment, but in a more considered and less timed pressured way.
- 5.12.4. This option allows the opportunity to use the new strategy, alongside the Corporate Plan to define what future investment the Council wishes to make in services and projects that are or could be delivered by the VCSE, transform those as required and realise the aggregation benefits of 'one council – one service'. It is expected that this may result in savings from 2024-25.
- 5.12.5. Table 3 sets out the advantages and disadvantages for this option:

Criterion	Comment
Advantages	<ul style="list-style-type: none"> • Continuation of existing arrangements to vulnerable residents • Maintains relationship with the sector • Allows for the opportunity to design and deliver the Community Strategy
Disadvantages	<ul style="list-style-type: none"> • May exclude organisations in the sector who do not currently benefit from funding while the Council develop the Community Strategy • May be more difficult for the Council to demonstrate that they are achieving best value

- 5.13. It is recommended that the Executive approve Option 3. This would enable the current funding agreements with the current VCSE organisations as set out in Appendix A, to continue through extensions to existing grant agreements, Service Level Agreements or contracts, unless there is an opportunity to align those where more than one of the sovereign Councils

funded the same organisation, then these will be aggregated into a single agreement.

- 5.14. Additionally, approving Option 3 would provide Officers time to develop and establish a robust Strategic Funding Framework as a result of the new Communities Strategy, for the awarding of funding in line with the Council's Corporate Plan.
- 5.15. The Council does not have any statutory duties to fund the voluntary sector or commission projects from organisations within it. However, there is wide recognition that a thriving and sustainable voluntary sector can support the achievement of several of our corporate plan outcomes.
- 5.16. The recommendation details above uses already established processes and methods to:
- a) put in place medium-term grant arrangements to maintain much-needed provisions; and
 - b) build the Council's long-term relationship with the sector through these with the service delivery arrangements and the commitment to co-produce the Communities Strategy
- 5.17. There will be no significant operating impact on the end user by extending the arrangements, and there is an opportunity to provide continuity of provision over the next two financial years.
- 5.18. Extending the arrangements would provide a level of financial stability and sustainability for the voluntary sector.

6. Next Steps

- 6.1. If the Executive agrees to the recommendations of this report, the next stages will be to implement the proposals as per the following indicative timetable:

Action:	Indicative Timings:
Inform current providers of the funding position	By end of March 2022
In conjunction with current providers, review service specifications	By end of March 2022
Issue revised grant agreements, in conjunction with Legal Services	By end of April 2022
Initiate the work programme to develop a Communities Strategy which includes a review and develop a consistent approach for Strategic Funding Framework	By end of June 2023

Action:	Indicative Timings:
Undertake a strategic grant application process for the delivery of provisions from 1 st April 2024	Start no later than September 2023

- 6.2. Officers have considered the timetable to be realistic given that Year 1 allows for the development of a Communities Strategy, to ensure meaningful engagement can be had with residents, service users, VCSE organisations and community groups, along with Members and key strategic partners.
- 6.3. Year 2 would see the development of a Strategic Funding Framework for the commissioning of provisions with the VCSE organisations. To ensure a fair and open tender process is followed for the projects to commence from 1st April 2024.
- 6.4. Should the steps outlined in 6.2 and 6.3 be accelerated into 2022-23 then new arrangements could be in place for 2023-24, which may result in savings being realised a year earlier.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 The proposed Budget for 2022-23, subject to approval at Full Council on 24th February 2022, assumes that the current revenue budgets for the VCSE strategic grant giving arrangements, as outlined in Appendix A, will remain at the same levels as seen in the financial year 2021-22.
- 7.1.2 The current grant funding provision stands at £1,415,766 per annum. Should the Executive agree to fund the grant arrangements for a further two-year period the total cost to the Council would be £2,831,532.
- 7.1.3 This contribution to the voluntary sector allows vital services to continue to be delivered to vulnerable residents across North Northamptonshire and stability to the sector for the next two years.
- 7.1.4 Due to the capacity within the current Communities and Wellbeing Team, which comes under the Housing and Communities Directorate, officers are also seeking to increase the current FTE by 1.5, to create dedicated Grant Officers. This will be funded from within the current allocated budget for the Communities and Wellbeing service.

7.2 Legal

- 7.2.1 Legal Services have advised that some of the current arrangements are outdated with some agreements having been extended numerous times. Not undertaking an open, fair and transparent process to award funding may

disadvantage organisations who are not currently receiving funding for the period in which we develop the Community Strategy. The extensions may also make it difficult for the Council to demonstrate that they are achieving best value.

7.2.2 A standard grant agreement will be issued for the delivery of projects by the VCSE on behalf of the Council. Associated with the current service specifications will be reviewed, in conjunction with service providers, to ensure there is a consistent approach to:

- a) strengthening the Performance Indicators and monitoring arrangements;
- b) consistency and alignment of arrangements from sovereign councils;
- c) encouraging partnership working across the sector; and
- d) ensuring best value from the continued investment.

7.3 Relevant Policies and Plans

7.3.1 When reviewing the current service specifications account will be taken of the six key thematic priorities laid out in the Council's Corporate Plan. The current grant arrangements cover provisions that deliver across the breadth of these priorities and are outlined in Appendix A.

- **Helping people to lead active, fulfilled lives** – helping people be more active, independent, and fulfilled
- **Building better, brighter futures** – caring for young people, providing them with a high-quality education and opportunities to help them flourish
- **Develop safe and thriving places** – enabling a thriving and successful economy that shapes great places to live, learn, work and visit
- **Create a green, sustainable environment** – taking a lead on improving the green environment, making the area more sustainable for generations to come
- **Build connected communities** – ensuring communities are connected with one another so they are able to shape their lives and areas where they live
- **Develop modern public services** – providing efficient, effective, and affordable services that make a real difference to all our local communities.

7.4 Risk

7.4.1 By extending the current arrangements, as set out in Option 3, it allows funding to remain in place to support the arrangements being provided to vulnerable residents. In taking this approach, there is a small risk to the Council by not undertaking an application process for the interim period, as it

could be seen as being unfair to other organisations in not being able to access funding.

7.4.2 However, other grants are available for VCSE organisations to access through national organisations such as the National Lottery Community Fund or through the Northamptonshire Community Foundation.

7.4.3 All existing arrangements were awarded through the sovereign councils funding arrangements and have oversight by Members on a regular basis. Through the extension of existing arrangements, organisations will be issued with new agreements and the project briefs will be revise, until a new Strategic Funding Framework is developed.

7.5 Consultation

7.5.1 If Executive approve the recommendations in this report, Officers will undertake a programme of consultation:

a) through the review of the current service specifications consultation will be undertaken in conjunction with the relevant organisations; and

b) to develop the Communities Strategy which will inform the Council's approach to funding and commissioning projects by the voluntary sector, with key stakeholders including Members, local VCSE Infrastructure organisations and their member organisations and strategic partners.

7.6 Consideration by Executive Advisory Panel

7.6.1 This has been reviewed by the Health & Wellbeing and Vulnerable People's Executive Advisory Panel; **xxxx**.

7.7 Consideration by Scrutiny

7.7.1 This has not been reviewed by the Scrutiny Committee; therefore, no comments or recommendations have been received.

7.8 Equality Implications

7.8.1 The initial Equality Screening Assessment (ESA) identified that if the Executive Committee decided to cease funding these agreements, the impact would have a negative effect on protected groups, as the services, outlined in Appendix A summarises, would no longer be available and therefore lead to a reduction in services being available.

7.8.2 Due to the impact identified in the ESA, an Equality Impact Assessment has been undertaken and a negative impact was identified and will be mitigated by the Executive Committee agreeing to continue funding the current arrangements while a full review is undertaken.

7.9 Climate Impact

- 7.9.1 The Council declared a climate change emergency in June 2021 and is committed to reducing its climate impact both within its own Council buildings and in working with businesses and the wider community to achieve net zero energy emissions.
- 7.9.2 Through a review of the service specifications and grant agreements the Council will seek to encourage organisations to consider the environmental and climate impact of their projects, in line with the Council's priorities in this area.
- 7.9.3 All the VCSE organisations funded by the Council are local to Northamptonshire, with many locally based in the area of delivery. In being locally based, including the use of technology for meetings, reduces the carbon footprint.

7.10 Community Impact

- 7.10.1 Through the current funding arrangements, the Council funds projects which demonstrate how they support the Council's priorities and in addition how they:
- support volunteering, community involvement, neighbourhood and community led activities;
 - enable voluntary youth action and the development of provisions for young people;
 - prevent homelessness, improve social mobility, and tackle inequality; and
 - promote social inclusion and community resilience.

7.11 Crime and Disorder Impact

- 7.11.1 Under Section 17 of the Crime and Disorder Act 1998, the Council has equal statutory responsibility with the Police to exercise its various functions with *'due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area'*.
- 7.11.2 By continuing with the current funding arrangements there are several projects funded by the Council that support crime prevention and disorder across its area. Examples of such projects include:
- Neighbourhood Watch - Development of community led crime reduction schemes;
 - NREC - Equalities awareness raising and promote incident reporting with a focus on hate crime awareness training;
 - Groundwork Northamptonshire and Youth Works programme Activities for Young People - Provision of activities for young people prioritising people who are not in employment education or training, which keep them engaged in positive activities.

8. Background Papers

- 8.1. Sovereign Council's Records of Decisions for extending the funding arrangements prior to the formation of the unitary authority:
 - 8.1.1 Borough Council of Wellingborough – 30 September 2020
https://www.wellingborough.gov.uk/meetings/meeting/1177/resources_committee
 - 8.1.2 Corby Borough Council – 28 August 2018
<https://www.corby.gov.uk/sites/default/files/Core%20Organisations%20Review.pdf>
 - 8.1.3 East Northamptonshire Council – 2 November 2020
https://www.east-northamptonshire.gov.uk/meetings/meeting/1100/policy_and_resources_committee
 - 8.1.4 Kettering Borough Council – Wednesday 13 November 2019
https://www.kettering.gov.uk/meetings/meeting/1787/executive_committee
- 8.2. Equality Screening Assessment
- 8.3. Equality Impact Assessment
- 8.4. Strategic Grants Performance