



AGENDA

CABINET

Monday, 16th May, 2022, at 10.00 am
Council Chamber

Ask for: **Emily Kennedy**
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UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Apologies and Substitutes
2. Declarations of Interest
3. Minutes of the Meetings held on 31 March 2022 and 21 April 2022 (Pages 1 - 16)
4. Cabinet Member Updates
5. Strategic Statement (Pages 17 - 66)
6. Schools White Paper
7. SEND Green Paper
8. Findings from New Philanthropy Capital Research - Full Cost Recovery and commissioning the VCSE (Pages 67 - 138)
9. Procurement of an E-voucher Distribution Provider (Pages 139 - 148)

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Benjamin Watts
General Counsel
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Friday, 6 May 2022

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KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 31 March 2022.

PRESENT: Mr R W Gough (Chairman), Mrs C Bell, Mr D L Brazier, Miss S J Carey, Mrs S Chandler, Mr P M Hill, OBE, Mr D Murphy and Mr P J Oakford

UNRESTRICTED ITEMS**1. Apologies and Substitutes**

(Item 1)

Apologies were received from Mrs Prendergast.

2. Minutes of the meeting held on 3 March 2022

(Item 3)

Resolved that the minutes of the meetings held on 3 March 2022 were a correct record and that they be signed by the Chair.

3. Cabinet Member Updates

(Item 4)

1) Mrs Bell said that there were very high case rates of Covid-19 both in Kent and nationally. While there were rising hospital admissions, there were low rates of critical care admissions. Universal Covid-19 testing was to cease and there were concerns about the loss of the granularity of the local picture. It was felt that the true case rates of Covid-19 were higher than reported due to the fall in testing and tests not being available. Case rates in Kent were higher than the average for England and case numbers were highest in middle-aged adults.

As set out in the government's plan for living with Covid, it was expected that it would be managed regionally and locally as part of a wider 'all hazards' approach – using existing health protection frameworks.

All testing regimes, infection prevention and control measures set up in care homes and hospitals were to continue but the government would no longer provide free universal symptomatic and symptom-free testing from 1 April 2022. The council-managed test centres at Ashford and in Maidstone were to close on 31 March 2022. Thanks were given to all the staff involved with setting up and operating the test centres across Kent.

National guidance released on 29 March listed groups of those who were to have access to symptomatic testing, including patients in hospital and staff and residents in high-risk settings including care homes, extra care and hospices. People were to be tested when they were discharged from hospitals into care

homes and hospices. Non-symptomatic testing was to continue in some high-risk settings where infection can spread rapidly.

Following the Care Summit at the beginning of March, it had been noted that virtual attendees had not been part of the discussion sessions in the afternoon. An additional workshop was held on 23 March to capture the visions and experiences of the virtual attendees. A workshop was planned for 21 April to co-develop ideas from the Summit into actions and planning would start for the next Care Summit in 2023.

2) Mrs Chandler gave an update relating to her portfolio and gave an update on behalf of Mrs Prendergast.

With regard to the Schools White paper, KCC welcomed the Department for Education's new pledges to provide the right support to children and young people in the right place at the right time so they could achieve their potential.

The Opportunity for All White Paper promised a range of support for the education system post Covid, building on existing best practice in schools. KCC was already working on a ground-breaking project with the Education Endowment Fund and looked forward to extending this further.

The key areas for change included pupil achievement, behaviour and attendance and school organisation.

KCC was committed to making Kent a county working for all children and reforms helping KCC work together to deliver outstanding outcomes for children, especially the most vulnerable, were welcomed. The evidence showed that pupils benefited from schools and trusts working collaboratively and KCC warmly welcomed the government's commitment to creating families of schools which built on what is best in the maintained and academy systems.

The government's SEND Green Paper was published on 29 March and had significant links with the Schools White Paper. There were three key challenges facing the SEND system identified in the Green Paper:

- 1) outcomes for children and young people with SEN or in alternative provision were poor;
- 2) navigating the SEND system and alternative provision was not a positive experience for children, young people and their families; and
- 3) despite unprecedented investment, the system was not delivering value for money for children, young people and families.

The Paper contained proposals for greater inclusion in mainstream schools for children with SEND, early intervention with an emphasis on early years and co-production with parents and carers. These proposals were welcomed and were part of the improvement work being done within KCC with partners. Also welcomed was the greater investment in some elements of SEND and greater clarity around roles and responsibilities. It was also considered positive that councils as convenors of local SEN systems were to be able to bring education and health partners 'to the table' where everyone was accountable for provision. Having a collective responsibility was to be crucial in delivering a system that

worked for children and their families. Whilst there was some legislative change in the national systems and frameworks proposed, it was disappointing that there was no fundamental change to the current systems within the proposals. The reforms would take time to implement but, in many cases, KCC was already working towards what was proposed. In the meantime, there was an urgent need to address the financial sustainability of the system.

The associated consultation was to close on 1 July 2023 and Members, schools and other settings, parents and young people were encouraged to engage in the consultation and to respond to the Green Paper.

It was announced that Reconnect had been shortlisted as a finalist for the Local Government Chronicle Awards under the Children's Services category. This achievement was a recognition of the hard work and dedication of the thousands of volunteers, children's workers, clubs and organisations, schools, partners and KCC staff who had embraced Reconnect and driven its successes. Thanks were given to all involved.

On 24 March, Reconnect hosted its Hackathon, with teams from schools and youth hubs across Kent tasked with the challenge of developing ideas to engage children and young people in the battle against climate change and to ensure their voices were heard loudly in our county. Bio-joy-versity, students from Simon Langton Girls' Grammar School were judged to have the winning idea, and were awarded £8,000 to implement their idea. Palm Bay Primary School and Homewood's teams took second and third place prizes respectively. Feedback from schools indicated how inspired the students were by the day, how they relished the challenge and how committed they were to putting their plans in place, regardless of whether they were prize winners.

It had been announced that the county had been invited to take part in The Kent Big Writing Challenge, with a prize-giving ceremony at Canterbury Cathedral in August 2023. The theme of the challenge, which was being organised and promoted by KCC's Reconnect programme in conjunction with the KM Charity Team, was "local heroes". The competition which launched on Friday 25 March was open to children and young people who live or go to school in Kent and entries, which had a limit of 500 words, needed to have been received by 31 May.

Food vouchers were to be provided over the Easter holidays by KCC for families whose children were entitled to benefits-related Free School Meals, as well as a free Holiday Activities and Food programme for eligible children, funded by the Department for Education. More information was to be disseminated from the KCC Reconnect programme and was available on the KCC website.

Mrs Chandler attended this year's Spirit of Try Angle Awards which took place at Port Lympne Safari Park on 27 March. The ceremony was opened by Sir Roger Gale, MP for North and Thanet and who was also a Trustee of the Try Angle Foundation and was presented by three young people from Kent Youth Voice. Congratulations were given to all involved in organising the spectacular event and congratulations were given to all young people who collected awards.

3) Mr Brazier said that KCC was planning to apply to the Department for Transport (DfT) for Part 6 powers to enforce moving traffic offences and there was a consultation.

A Members' briefing had been attended by 36 Members who were briefed on what to expect when the 7 trial locations for the scheme went live. The scheme was based on AMPR technology and was expected to pay for itself and for its expansion.

Mr Brazier, alongside officers had attended the Prince Michael International Road Safety Awards reception at the Royal Automobile Club in London, where awards had been presented by Prince Michael of Kent. KCC won an award and the Prince had referred to KCC's launch event for Vision Zero at Manston last year.

A consultation was live on the budget proposals to withdraw from supporting 48 bus services that had become poor value for money and unaffordable. The consultation had attracted media attention and Mr Brazier had spoken on radio and television. A difficult business environment had been created by the Covid-19 pandemic and there had been sharp contractions in the range of services run commercially by operators such as Arriva and Stagecoach. These were not services supported by KCC but residents had looked to KCC to support the services. KCC was unable to provide this support as the funding was not available.

It had been announced that KCC was to increase the cost of the Kent Travel Saver bus pass. Public opinion had been somewhat moderated by KCC's ability to leave the cost of the low income, sibling and carer passes unchanged.

Mr Brazier, the Leader and officers were to meet a company who had proposals to construct a lorry park between Maidstone and Ashford. After many years with a lack of proper facilities for lorry parking, the use of laybys and the use of other unsuitable places by hauliers, there was clear commercial interest in the sector and there were several lorry parks in the county, including the expanded Ashford Truck Stop. KCC was aware of planning applications for other developments of this kind.

There had been a trial of a commercial e-scooter service in Canterbury. This had been encouraged by the DfT who believed that micro-mobility was the way forward away from cars in towns and cities. The scooters were able to be used on the public highway. The trial in Canterbury had started in November 2020 with a consultation. A second consultation was launched on 3 June 2021 and there was a live facility on the KCC website to allow local people to comment. Consent had been given for a final extension of the trial until November 2022, when the DfT were to assess its success and the operators were to decide whether to make further investments in infrastructure. The scooters were demonstrably safe as they were considered to be of good quality and their speed was regulated. Scooter hirers needed to have a driving licence and an account with the operators, Bird. There had been very few accidents and no serious accidents had been reported.

4) Miss Carey said that same day bookings were introduced across all 18 Household Waste and Recycling Centres in Kent on 8 March 2022. The decision had been made to retain the booking system and it was to be used as the basis for further improvements to customer services. The booking system had already given many environmental benefits including increased recycling at the centres themselves

There had been a visit from Lord Deben, Chairman of the UK's independent Committee on Climate Change and some of his team of officers. There was a tour of Kent and Medway which began at 9am in Margate and ended at 9pm in Chatham. On the tour, they saw the work that was being done in Kent on the environment by KCC and with partners. As part of the tour, there was a visit to a school in Herne Bay and young people had an opportunity to engage in conversation with Lord Deben. The visit to Kent was one of 12 visits the Committee on Climate Change was undertaking.

Miss Carey had been invited to help judge the Hackathon mentioned in the update given by Mrs Chandler. There were some outstanding ideas and she hoped to work together with the prize winners from Simon Langton Girls'.

On 28 March 2022, Miss Carey took a decision on behalf of KCC to purchase a 21-megawatt solar park in the West Country. The single investment which was made with KCC's Public Sector Decarbonisation Scheme Grant meant KCC would be able to reduce carbon emissions by 30% in a year and there would be a saving to KCC of a minimum of £760,000 every year for the next 40 years. KCC's other solar park was at Kings Hill so there had been experience of both buying a solar park and building one on KCC's land. Thanks were given to all the officers involved.

Miss Carey, Mrs Chandler and Mrs Game went to Sandwich Junior School to attend the first planting of trees as part of the Queen's Green Canopy. 1786 trees were to be planted, representing a tree for every child in care in Kent. It was also part of KCC's Plan Tree Strategy.

5) Mr Murphy said that he attended the Straits Committee on behalf of KCC on 22 March. The importance of the Straits Committee to KCC was stressed. KCC sponsored two projects which were approved by the Committee. Project 3i was to establish an open access web-based database of 'Net Zero' regional, environmental research conducted by the 3i network of universities: Université de Lille, Ghent University, KU Leuven and the University of Kent. This project linked the university sector with the public sector on 'Net Zero' issues, linked regional students with ongoing research and provided businesses with a resource network to understand how they can achieve 'Net Zero' targets.

The second project 'Fallsify', was related to health and safety and was to test an innovative method and platform of preventing falls with the elderly which had been successfully tested in Denmark and Norway. It had both a positive social and economic impact. Pilot projects were to be used in Ghent, Flanders and Kent.

There had been calls with the British embassies in Paris and Brussels, working with the Foreign Commonwealth and Development Office to understand issues

that would affect Kent. A virtual meeting had been scheduled with the two embassies to develop this and to promote investment.

A new scheme was being worked on with Pas-de-Calais in Hauts-de-France to put pressure on the French and British governments to get the Eurostar to stop in Ashford and Calais-Fréthun, which was important to both economies.

A close watch was to be kept on the issues concerning the London Resort. It was understood that the LRCH Consortium was to submit a new scheme for the London Resort before the end of the year.

KCC had been fast to react to the news regarding P&O Ferries and a joint letter had been sent to the Chancellor of the Exchequer from KCC, Dover District Council (DDC) and Natalie Elphicke, MP, expressing concern and stressing the importance of the Strait of Dover to the economy of Kent. Work had been undertaken with DDC and a jobs fair for former P&O crew and staff was to be held at the end of April. Some crew had since been employed by other companies.

Efforts had been renewed in resolving the Stodmarsh issue, where poor water quality levels had stalled housing developments across east Kent. A paper was being put together in order to seek engagement from central government to find a resolution.

6) Mr Hill said that a 75-kilometre section of the England Coastal Path between the Isle of Grain and Woolwich had opened on 12 January 2022. There were 3 national trails in Kent and it was felt that this had extended recreation opportunities to Kent residents and increased the offer to tourists.

The temporary library in Tunbridge Wells had been closed and the library was to re-open on 28 April 2022 at The Amelia. The project had been a partnership between Tunbridge Wells Borough Council and KCC. A new library, museum, art gallery, adult education centre and gateway services were to be housed in the same building.

In the Paralympics, Millie Knight achieved a bronze medal in her third Paralympics. Congratulations were given to her for her achievement.

A new 3 storey skate park had opened in the Creative Quarter in Folkestone. Mr Hill and Miss Carey had visited the facility and it was felt that the facility offered great opportunities for young people.

7) Mr Sweetland said that KCC had actively worked with its partners to provide immediate support and assistance to the first Ukrainians arriving in Kent and ensured Ukrainian refugees received warm welcome. KCC was ready to provide help to new arrivals and to host families. The offer was to include advice and support to access the relevant services.

The KCC website had been updated with information regarding what KCC was doing to support Ukrainians and how residents could also offer support. The website had information about how to donate to the British Red Cross appeal as well as signposting to other useful websites. The KCC Contact Centre had also

been briefed. The Contact Centre also offered a translation service as part of its regular service and they had been alerted that there might be a higher requirement for this.

8) Mr Oakford said 1 April was the last day of the financial year and it had been anticipated that a significant overspend would be carried over. It was hoped that the final results would show an improvement on the overspend.

Thanks were given to officers and the performance of the Director of Infrastructure and Property Team was acknowledged. This group of officers were responsible for the disposal of surplus properties at the highest price to the benefit of taxpayer. The Team was focussed and had done an outstanding job selling as much surplus property as they could in order to support KCC's capital programme for the coming year.

There were substantial inflationary pressures on KCC's capital programme, including huge inflation on building materials and even higher inflation on the energy used to produce building materials.

Thanks were given for the tremendous efforts of officers in completing the purchase of the solar park and Kent was to benefit from the solar park for many years ahead.

4. Quarterly Performance Report 2021/2022 Quarter 3 (Item 5)

Rachel Kennard, Chief Analyst was in attendance for this item.

- 1) Rachel Kennard outlined the report for Quarter 3, reporting results until the end of December 2021. Overall, the position was positive. 27 of the KPIs were 'RAG' rated as green, 3 rated as amber and 3 performing below target rated as red.
- 2) The 3 areas that had been 'RAG' rated as red were the same as in Quarter 2:
 - Under Customer Services, percentage of calls to Contact Point which were answered. The percentage of calls answered had improved to 87%. However, in December, 96% of calls had been answered and figures for January show the same percentage were answered.
 - In Quarter 2, 75% of complaints had been responded to within timescale which was below the floor standard of 80%. There had been a further decline in performance, as 72% had been responded to within timescale.
 - There had been an improvement for the KPI under Children, Young People and Education, 'ECHPs issued within 20 weeks'. While performance had been below the floor standard for some time, there had been improvements in each quarter of 2021-22. This KPI was expected to continue to improve.
- 3) Further positive points from the report were noted:

- 11 indicators showed a statistically significant improving trend which indicated sustained improvement over a period of 6 quarters. Only 4 KPIs had shown significant deterioration.

4) It was also noted during Members' discussion of the Quarterly Performance Monitoring Report:

- There was likely to be an increase in people requiring mental health support relating to the war in Ukraine.
- The good work of the No Use Empty Initiative was highlighted.
- The KPIs were reviewed annually to establish indicators which best captured the work being done by KCC.

5) Resolved that the Quarterly Performance Report – Quarter 3 be noted.

5. KCC Budget - Updated Financial Risks

(Item 6)

Zena Cooke, Corporate Director, Finance was in attendance for this item.

1) Mr Oakford introduced the report and updated Members regarding the impact of rate of inflation and the war in Ukraine on KCC's budget.

The rate of inflation had more than doubled since July 2021 and was continuing to grow. The Bank of England had forecast that the Consumer Prices Index (CPI) inflation rate would be around 8% in April 2022.

Inflation had a significant impact on KCC's budget but also on the providers of services commissioned by KCC. Around £1.3 billion of KCC's total spend was directly impacted by inflation. It had been well publicised that the increase in energy costs was to have an impact on everyone within Europe.

Reductions in equity values had impacted on the capital values of KCC's longer term investments and pension funds. It was anticipated these values would rise again and advice was being sought.

Interest rates had risen but the vast majority of KCC's external borrowing was secured at long-term fixed rates. Provided KCC did not need to borrow more money, the situation was secure.

2) Ms Cooke said it was not certain what the risks would be around developments internationally. However, there had been adverse impact on an already challenging budget. Officers would continue to work to achieve a balanced budget but close monitoring was to be incredibly important in the coming year.

3) Miss Carey said more should be done to increase the number of solar parks and it was felt that there were opportunities at closed landfill sites in Kent. It was considered

that this had the potential to benefit KCC's financial position and meet its environmental goals.

4) RESOLVED to note and agreed the recommendations as outlined in the report.

6. KCC Share of Retained Business Rates and Final Local Government Finance Settlement 2022-23

(Item 7)

Zena Cooke, Corporate Director, Finance was in attendance for this item.

1) Mr Oakford introduced the report.

2) Ms Cooke said that information regarding the retained business rates and final local government finance settlement had been received late and the information had not been received from central government at the time of publishing papers for the Budget meeting of County Council. The figures constituted KCC's estimated share of business rates. There had been agreement at the meeting of County Council to agree amendments.

It was proposed and agreed at the meeting to continue to retain a 5% general reserve policy. It was proposed to add £430,000 to maintain 5% of the net budget in general reserves. Cabinet were asked to agree that the remainder of around £8 million be allocated to risk reserves, to cover potentially higher inflation challenges in parts of KCC's supply chain and the potential impacts of the Russian invasion of Ukraine.

3) RESOLVED to agree the recommendations as outlined in the report.

7. Ukraine Refugee Resettlement Scheme Update

(Item 8)

Rebecca Spore, Director of Infrastructure was in attendance for this item.

1) The Leader and Mr Hill introduced the report.

2) Ms Spore said the response to the humanitarian crisis as a result of the war in Ukraine from Kent residents had been extraordinary, with people supporting aid and making applications to the 'Homes for Ukraine Scheme'. This was the formal scheme being run alongside the 'Extended Family Scheme'.

The Kent Resilience Forum (KRF) structures had been established, enabling multi-agency partners to come together and to establish a 'command and control' structure, also ensuring central government engagement. Alongside visa checks undertaken by the Home Office, there were checks that needed to be completed at a local level. DBS and Enhanced DBS checks and home checks were required to support the scheme. The KRF was working across all organisations to support hosts and guests. Checks were being progressed and sponsor applicants were to be contacted. Host home checks were being undertaken by district councils. It was emphasised that safeguarding was key in these processes and checks.

All services and partners working through the KRF were ready to support the needs of individuals and to help coordinate activities relating to the scheme. Information was being updated daily and being shared through communications channels.

Further to questions and comments from Members, it was noted:

- It was important that the DBS and home checks were brought forward. There had been frustration due to the speed of processing the sponsor applications to the resettlement scheme. Sponsor households were being contacted directly regarding the DBS checks.
- Safeguarding was to be embedded in the processes.
- The process around the scheme was to be systemised and surge capacity was to be developed into 'business as usual'.
- Challenges around relationship breakdown and homelessness issues were acknowledged. KCC's partners were focussed on making contingency arrangements in order to address this.
- Work was being undertaken with health authorities and trusts around capacity as it was expected there would be an impact on mental health service requirements and other services.
- Communications had been shared with schools about how to manage some of the issues arising from the war in Ukraine and children coming from conflict zones. Further information was being sought from central government.

3) The Leader thanked the Director of Infrastructure, the Director for People and Communications and officers in the Communications Team. Key processes were being put in place but there would be longer term issues to resolve.

4) RESOLVED to note the update.

KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 21 April 2022.

PRESENT: Mr R W Gough (Chairman), Mrs C Bell, Mr D L Brazier, Miss S J Carey, Mrs S Chandler, Mr P M Hill, OBE, Mr D Murphy, Mr P J Oakford and Ms S Hamilton

UNRESTRICTED ITEMS

8. Apologies

(Item 1)

Apologies were received from Mrs Prendergast for whom Ms Hamilton was present.

9. Cabinet Member Updates

(Item 3)

1) Ms Hamilton gave an update on behalf of Mrs Prendergast.

All staff and children were welcomed back to schools and early years settings. Schools were managing varying ranges of Covid-19 infection amongst staff, whilst also preparing for examinations at the end of the term. Thanks were given to all staff and governors for their hard work over the first two terms of the school year and best wishes were offered for the term ahead.

Families in Kent found out on Tuesday, 19 April, which primary schools their children had been offered to join in September. 9 out of 10 had been offered their first preference. It was appreciated that it was a disappointing and concerning time for those pupils and their families who did not secure their preferences, but they were urged not to be discouraged as many pupils were to secure places through the waiting list and re-allocation process. Parents and guardians were advised that a specialist team at KCC were on hand to help make the most of the options available. Colleagues within the admissions team had already been working hard to address queries from parents.

In respect of arrivals from Ukraine, officers had continued to work to ensure families were supported and that children could access school places.

The government had committed that the first part of the UK Prosperity Fund was to be given to the Multiply Programme, with £599 million in funding available. Multiply had the potential to reach adults in the whole of the UK to improve their numeracy skills. This would also support the government's 'Levelling Up' agenda and KCC, via the Community Learning Service, was to be part of this work. It was to take place over the next 3 years delivering £7.5 million of innovative activities to ensure Kent's population had the correct opportunities and skills to succeed in life.

2) Mr Brazier said work had been ongoing on SEND transport. All interested parties could now access a daily Situation Report (sitrep) to monitor the number of pupils on

the transport scheme, new entries to the scheme in any month and the number of matters in contention. In excess of 1200 were unallocated on 11 February 2022, 98% of all applicants were now allocated. There were 4 complaints about quality of service which was within the scope of normal business. A great effort had been made by officers and Members but Mr Brazier was not satisfied that the system was working as well as it should or could. The internal investigation was to begin. There were an average of 100 entrants to SEND transport every month and this was causing concern about future capacity.

There was a consultation on 48 bus services currently supported by KCC and there had been more than 2000 responses. The consultation ended on 20 April and the results were to be analysed. The commercial operators were 'handing back' services that were no longer profitable and many residents believed KCC should adopt the services. The Bus Recovery Grant was to expire in 2022 and there would be further lost services.

The Bus Service Improvement Plan (BSIP) allocations had been announced by the Department for Transport (DfT). KCC had been awarded £35.1 million which was much less than bid for but this was more than was expected. Many local authorities had received no allocation at all. KCC had an allocation of £24 million capital and £11 million revenue. KCC had to prepare a meaningful proposal for spending the allocations and would need to make a presentation to the DfT. It would not be possible to use any of the revenue to support Kent's existing portfolio of supported services. The DfT was excited for the future of the bus industry. A grant for £11 million had been secured for re-surfacing of 110 miles of highway in Kent and work was to be carried out before September 2022.

3) Miss Carey said thanks to the Environment and Waste Management teams for a continued high level of performance across Kent. KCC's 19th Household Waste and Recycling Centre was to have an official opening on 5 May 2022 and would be open to the public on 9 May 2022. There had long been an ambition to open a centre to serve the area around Tonbridge and Malling. The new centre would be at Allington and was a state of the art facility with many environmental features such as solar panels and rainwater harvesting, while the approach road had been made from recycled materials.

The government was conducting a consultation on waste management, looking at booking systems and charging for non-household waste. KCC had already consulted in Kent and had a good response and had settled policies. This put KCC in a good position to respond to the government's consultation and it was felt there was a strong case that Kent's policies were best practice and should carry on.

In the first round of the Solar Together scheme, 4000 households had registered their interest and this had resulted in 400-500 schemes going ahead. As part of the second round, 11,508 had registered interest and it was anticipated that a similar proportion would go ahead with the work. Companies had been selected to do the work and households would receive around 28% discount in comparison to the normal rate for the same work. The numbers going ahead with the solar panel work would be reported back.

4) Mr Murphy said KCC had been in conversations with partners at Visit Kent and Locate in Kent about the impact of the recent traffic congestion on local businesses.

Work was undertaken to understand the impact of Operation Brock and P&O ferries not operating. Consideration was being given to how mitigate the impact on the county's businesses. It had been indicated that despite these events relating to the Port at Dover, there had not been a negative effect on businesses wishing to locate in Kent. Over the Easter holidays, Visit Kent had indicated that tourist numbers had improved in line with what had been forecast.

On 27 April, Mr Murphy was to attend a jobs fair organised by Dover District Council and the Kent area team at the Department for Work and Pensions (DWP). The fair was open to everybody looking for work but with a strong focus on those who had lost jobs at P&O Ferries. Hundreds of jobs were to be on offer along with opportunities in skills training and education. Local employers, training and education providers were to be present along with welfare advice services.

The DWP had said that there had been very few claimants from P&O Ferries as many had chosen redundancy payments which would take them over the threshold for them to claim benefits. Thanet Job Centre Plus had also arranged further 'job club' events in cooperation with East Kent College. These were open to all but with priority given to former P&O Ferries staff.

Dover District Council (DDC) was preparing for the 1 July opening of the Dover Port Health Facility. However, the Department for Environment, Food and Rural Affairs (DEFRA) had not commented on potential delay to the checking of animal-based products through the Port of Dover and it was likely that an announcement was to be made regarding any changes to the 'go live' date. DDC had regrettably had to pause general recruitment. To date, they had recruited 124 new employees, inclusive of vets, IT staff, legal and finance officers. Work was also progressing on the separate HM Revenues & Customs site at Dover which was expected to 'go live' in 2023.

Discovery Park at Sandwich had announced that they intended to become a Centre of Excellence for biotechnology in the south east. A new incubator premises, funded by the government's Getting Building Fund and backed by The South East Local Enterprise Partnership, Kent and Medway Economic Partnership and KCC was to start construction. Accommodation for around 30 companies would be provided. This was the first unit of its kind outside of Scotland.

Mr Murphy was to visit Romney Marsh with the local KCC Member on 28 April to get a better understanding of economic issues impacting the area, focusing on the announcement of the closure of the existing power station. The government had announced that the Nuclear Power Watchdog was to start the UK approval process after Rolls Royce won a £200 million grant to develop the country's first small nuclear reactors (SNRs). Rolls Royce expected that the regulatory process would be completed by the middle of 2024. Work was being undertaken to promote Dungeness as a site for the SNRs with Rolls Royce and local MPs. Each 470 MW unit cost approximately £1.8 billion and would be built on a 10-acre site. This was enough to provide enough to power 1.3 million homes annually.

5) Mr Hill highlighted the work of Kent Film Office and said that there were a number of films being shot in Kent. Films were being shot in Gravesham, Ramsgate, Dartford, Herne Bay, Chatham Dockyard in Medway and most recently, Margate. Mr Hill went to Margate and visited the set of The Empire of Light which had been erected at Dreamland. Mr Hill spoke with the producer and set designers and they had given

feedback about the support of the Kent Film Office. The Empire of Light was to be released in cinemas later in the year.

6) Mr Sweetland said the People Strategy for 2022-2027 had been finalised, following a good conversation and cross-party agreement at Personnel Committee. The Strategy set out how KCC would achieve the aim of supporting staff to work to the best of their ability and to ensure KCC did the right things as an employer, to ensure effective delivery across all council services. KCC was and would continue to be an inclusive employer where differences were valued and where staff had a sense of belonging and trust in the organisation. KCC had continued to provide a safe and supportive working environment. Thanks were given to Paul Royel and his team for great work on the Strategy.

Work was ongoing to support those coming from Ukraine. Cantium Business Solutions were commissioned to undertake DBS checks including ID verification for sponsors and households. KCC had interpreted and applied the complexities of the DBS regulations and government guidance to ensure compliance and to streamline the process for applicants as much as possible.

Information to support both Ukrainians and those wishing to act as sponsors was being constantly updated on KCC's website.

The Communications Team had supported announcements on School Offer Day.

There were a number of KCC consultations and Members were encouraged to look at these on the KCC website.

7) Mr Oakford said thanked Mrs Cooke and wished her well during her maternity leave. John Betts was joining KCC while Mrs Cooke was on maternity leave.

10. Support for Ukrainian refugees in Kent

(Item 4)

Rebecca Spore, Director of Infrastructure and Ben Watts, General Counsel were in attendance for this item.

1) Ms Spore outlined the presentation (attached).

2) In response to questions and comments, it was noted:

- Thanks were given to Ms Spore, her team and KCC's partners for their work on supporting Ukrainian refugees in Kent
- The quality of information relating to potential sponsors was very important. There were concerns that local authorities should be able to respond to placement breakdowns on a local basis. This was particularly important for children placed in schools.
- The shared Home Office information indicated there had been 260 arrivals in Kent. This was notional and it was not known if they remained in Kent so it was being established where they were. The numbers were due to increase significantly.

- 'Heat maps' were to be used to show where guests were in the county. This would be used to help establish where school places were needed, for example.
- Systems were being developed to protect both Ukrainian guests and sponsors. There were challenges around how contact was made with arrivals. Once the initial checks had been undertaken, continued support would be needed.
- It was recognised that this was an emergency situation, and the associated risks were acknowledged. Further guidance was needed from government and work was ongoing to seek clarifications as there were a range of statutory duties that continued to apply in relation to Ukrainian guests in Kent.

3) RESOLVED to note the update.

11. Operation Brock and traffic disruption

(Item 5)

Toby Howe, Senior Highways Manager and Simon Jones, Corporate Director for Growth, Environment and Transport were in attendance for this item.

1) Mr Jones introduced the item.

2) Mr Howe outlined the presentation (attached).

3) Further to questions and comments it was noted:

- It was acknowledged it was a fundamentally unsustainable situation. The government was alert to the issues around traffic disruption in Kent and commitments had been made. A countywide plan was needed which set out what was most important.
- Action was taken so that emergency gas works were done at pace in order that the traffic was able to flow on the affected routes over the Easter bank holiday.
- Some direct costs were funded from the Kent Resilience Forum and the department for Levelling Up, Housing and Communities (DLUHC). However, there were costs incurred by KCC in resources and there were secondary costs to KCC and Kent from traffic disruption. It was acknowledged that while the traffic controls at Brenley Corner had assisted with some impacts, it had negatively affected seasonal tourism and local roads.
- Communications messages were to be strengthened and Members had been receiving updates from the Strategic Group. A more consistent, 'one voice' approach had been used to share information with the community.
- Connected lorry parks and holding areas were considered to be an aspirational longer-term solution as well as utilising technology for frictionless borders and freight. Structured conversations were needed with government to establish and progress proposals. The application of any learning points from previous traffic disruption events and ameliorative measures were needed for disruption events in the shorter term.

4) RESOLVED to note the presentation.

12. People at the Heart of Care - Adult Social Care White Paper

(Item 6)

Michael Thomas-Sam, Strategic Business Adviser and Paula Parker, Head of Business Delivery were in attendance for this item.

1) Mrs Bell introduced the report.

2) Mr Thomas-Sam outlined the report. The White Paper was an ambitious 10-year vision, some elements of which would be implemented before others. The 'Fair Cost of Care' exercise was to be completed by September 2022, with one part of this relying on a tool from government which was not available until the end of May 2022. This left KCC with less than 3 months to complete the exercise and go through the governance process.

The policy commitments in the White Paper related to giving people choice and control, improving standards and quality of care, support or unpaid carers and moving ahead health and social care integration, were welcomed.

3) Further to comments and questions, it was noted:

- Concerns had been raised that the Social Care Reform impact assessment had not adequately factored in the cost and impact on KCC and on providers. There was indicative funding for the next 2 years and clear and robust evidence was needed to shift the government's position. It was important that the information from the CCM and LaingBuisson report was appreciated by government and that opportunities were seized to make the case for additional funding.
- It was proposed that the report be sent to MPs with a covering letter to ensure that MPs were made aware of the risks.

4) RESOLVED to note and endorse the recommendations as outlined in the report.

From: Roger Gough, Leader of the Council
David Cockburn, Corporate Director Strategic and Corporate Services and Head of Paid Service

To: Cabinet, 16th May 2022

Subject: '*Framing Kent's Future*' – Our Council Strategy 2022-2026

Classification: Unrestricted

Past Pathway: County Council (16.12.21), CMM (17.01.22), CMT (01.03.22), Corporate Board (03.05.22)

Future Pathway: County Council (26.05.22)

Summary: '*Framing Kent's Future* – Our Council Strategy 2022-2026' is Kent County Council's new Strategic Statement. Development of the document has been informed by Member priorities and engagement with key partners and stakeholders. The strategy sets out the challenges and opportunities Kent is faced with and the actions we will prioritise to address them over the next four years.

Recommendation(s): Cabinet is asked to:

(1) **Endorse** '*Framing Kent's Future: Our Council Strategy 2022-2026*' and **recommend** it to County Council for approval.

1. BACKGROUND

- 1.1 In 2019/20, KCC's 5 Year Plan '*Kent's Future, Our Priority*' was developed, informed by nine months of engagement and consultation with residents, businesses and partners. This was not endorsed by the County Council due to the start of the Covid-19 pandemic, and development of the Strategic Statement was paused to allow KCC to focus on the immediate response to the COVID-19 crisis and take stock of the changing circumstances.
- 1.2 As the pandemic developed, it became clear that its impacts would be significant, and an interim plan would be required to respond to the short to medium-term challenges and opportunities. '*Setting the Course*' Kent County Council's Interim Strategic Plan set the focus for the council to enable us to support the county to recover, build resilience and reset. The Plan was endorsed by County Council in December 2020.
- 1.3 The Interim Strategic Plan was designed to cover a period of 18 months to oversee KCC's response to the Covid pandemic and recovery. Work began in late 2021 to develop a new four-year Strategic Statement that would reflect the

priorities of the administration given the changed context within which we are living and working.

- 1.4 The aim of '*Framing Kent's Future*' is to set priorities that ensure we are harnessing opportunities and addressing challenges being faced by KCC an organisation, but more importantly by the residents of Kent, over the next four years (2022-2026).
- 1.5 A paper was published for the County Council meeting in December 2021 (which was subsequently cancelled due to the developing Covid-19 pandemic), to start engagement with Members about the strategic challenges and opportunities faced by Kent and KCC that the council will need to respond to in the coming years and that must be reflected in the new strategy.

2. '**FRAMING KENT'S FUTURE: OUR COUNCIL STRATEGY 2022-2026**'

- 2.1 '*Framing Kent's Future: Our Council Strategy 2022-2026*' is attached as **Appendix A**. This is a Word document, which will be developed into a designed version for County Council.
- 2.2 The document is structured around four key priorities. These are the priorities that KCC will deliver for Kent over the next four years. They have been shaped by the challenges and opportunities Kent faces and by the ideas and feedback we have received from Members, partners, and stakeholders. They are:
 - Levelling Up Kent
 - Infrastructure for Communities
 - Environmental Step Change
 - New Models of Care and Support
- 2.3 Each priority is supported by a set of commitments. For each commitment, there is an introductory paragraph that explains why this is important to Kent and outlines key drivers, challenges and opportunities. Each commitment then has a number of 'we will' statements that set out specific actions that KCC, along with our partners, will take in order to deliver the commitment.
- 2.4 As well as the four priorities, other important sections of the strategy include:
 - **Kent's Strategic Context** – Following the *Leader's Foreword*, this is the first section of the document. It sets out some of the main factors that make Kent the place it is, and that have shaped the priorities set out in the strategy. These include opportunities and challenges generated by Kent's unique geography, sociology and economy as well as those that arise from national and global pressures.

- **Our Response** – Following *Kent’s Strategic Context*, the *Our Response* section outlines how we will work differently as a Council and with Kent residents and partners to respond to the challenges and opportunities that Kent faces over the next four years.
- **Corporate Equality Objectives** – As part of our Public Sector Equality Duty (PSED), we must develop and publish our Corporate Equality Objectives. A set of six objectives have been developed and included up front in the strategy.
- **How will we know we are on track** – This is the final section of the strategy. It sets out the mechanisms that we will use to measure progress and tell us how we are doing as we work with our partners towards meeting the priorities and commitments we have set out.

3. ENGAGEMENT

- 3.1 The key sections of the strategy, in particular the priorities and commitments, have been shaped through cross-party engagement with KCC Members and with senior officers.
- 3.2 All political groups were invited to engage individually at an early stage in the development of the strategy. This was followed by an in-person cross-party workshop where Members provided useful comment and feedback on an early outline of the draft priorities. A full summary of the draft was presented to and discussed with Conservative Group and circulated to all Members for comment.
- 3.3 As well as engagement with KCC Members, Parish Councils have been engaged via the Kent Association of Local Councils (KALC) Area Chairs Committee.
- 3.4 Key stakeholders and partners have been engaged via KCC’s Staff Groups and Trade Unions, the Integrated Care System (ICS) Partnership Board, Voluntary and Community Sector Steering Group, ‘Brand Kent’ partners, which includes representatives from Visit Kent, Port of Dover and Eurotunnel, and representatives from Kent’s universities.
- 3.5 Over 250 separate comments and suggestions on the summary draft were received through the engagement activity. These have been carefully analysed and used to inform the final version of the strategy which is presented to Cabinet in this paper.
- 3.6 The table below sets out the themes and issues that were raised most frequently by stakeholders and how these were responded to in the final version:

Key issue	Response
Impact of border/gateway to Europe issues on the county and need to address them	The need to address border impacts has been further emphasised in the <i>Kent's Strategic Context and Our Response</i> sections and the commitment on economic development (Priority 1).
The importance of strong partnership working , including with Parish Councils	KCC's commitment to strengthening its partnership working is set out in <i>Our Response</i> and throughout the commitments where relevant.
Inclusion of and importance given to the Corporate Equality Objectives welcomed	Corporate Equality Objectives are a prominent part of the section <i>Our Response</i> .
Strong support for a new approach to commissioning	This is set out in <i>Our Response</i> and has been strengthened in a specific commitment on commissioning in Priority 4.
The importance of data and the value of qualitative data	The value of qualitative data has been referenced in the point on understanding needs in <i>Our Response</i> .
Support for preventative approaches	The value of data to understand the impact of preventative approaches has been added to the point on understanding needs in <i>Our Response</i> . Preventative approaches are included in the commitments where appropriate, for example in the commitment on health inequalities (Priority 1).
Need for a realistic understanding of and response to the context and challenges	The <i>Kent's Strategic Context and Our Response</i> sections have been refocused to reflect this, and the introductory sections for each commitment aim to provide a realistic overview of the issue.
Prominence of the environment (as one of the priorities) welcomed	Noted - <i>Environmental Step Change</i> is one of the four Priorities.
Queries around the specific commitment for deprived communities in coastal areas	While it is acknowledged that there are deprived communities across Kent, there is strong national and local emphasis on coastal communities that KCC must respond to, which is why this commitment has been retained.
Inclusion of health inequalities and public health in the Levelling Up priority welcomed	Noted - the commitment on health inequalities acknowledges that the health of the population is an essential component of a successful county.
Infrastructure First commitment well supported	Noted - this is the first commitment in Priority 2 and has been strengthened based on feedback.

Need to reflect and address digital exclusion	The importance of digital inclusion has been added to <i>Our Response</i> and the commitment on digital connectivity and access (Priority 2).
Importance of regenerating town centres	This has been reflected in <i>Kent's Strategic Context</i> and strengthened in the commitment on economic development (Priority 1).
Need to protect productive farmland	This has been reflected in the commitment on supporting rural areas (Priority 2).
Interest in Kent pursuing nuclear energy generation options	The commitment in Priority 3 on carbon zero energy production now includes a specific point on the potential to explore nuclear energy generation in the county.
Strong support for KCC's role as partner in the Integrated Care System (ICS) and commitments around integration	KCC's commitment to the ICS is set out in Priority 4, the health inequalities commitment in Priority 1 and reflected in the commitments to improve partnership working and find better ways to deliver services in <i>Our Response</i> .

4. CORPORATE EQUALITY OBJECTIVES AND EQUALITY CONSIDERATIONS

- 4.1 As part of our Public Sector Equality Duty (PSED) a set of six Corporate Equality Objectives have been developed for the council for 2022-2026. These have been shaped through engagement with CMT, the Corporate Equality Group, and KCC's Trade Union and Staff Groups.
- 4.2 Previously, KCC's Corporate Equality Objectives have been published separately to the Strategic Statement, but given they are a key element of the Council's activity and are integral to the way that we work, it was agreed that they should be incorporated into the new strategy and this has been welcomed by stakeholders.
- 4.3 The Corporate Equality Objectives are:
- Continue to be an inclusive employer which provides fair, open and equitable access to career progression and a trusted environment in which staff feel confident to call out discriminatory behaviour.
 - Attract and retain a diverse workforce at all levels of the organisation which reflects the communities that KCC serves.
 - Strengthen our equality data collection and analysis across our services to better understand people's needs and the cumulative impact of the council's actions on people with protected characteristics.

- Work with our strategic partnerships to understand and support the diverse needs of our communities.
 - Promote equality, diversity and inclusion through our supply chains, including our trading companies.
 - Ensure council information and services are accessible for everyone including those who are digitally excluded.
- 4.4 An assessment framework will be developed to set out how the objectives will be measured over the course of the strategy and as part of the PSED statutory annual reporting.
- 4.5 An Equality Impact Assessment on '*Framing Kent's Future*' has been completed and is attached as Appendix B. The conclusion of the assessment is that no change is required. The evidence suggests that there is no potential for discrimination and all appropriate measures have been taken to advance equality and foster good relations between the protected groups. There is the potential for the strategy to have a positive impact on people from the protected characteristic groups through aiming to improve the quality of life of all people in Kent.
- 4.6 Cabinet and the Corporate Management Team will set the expectation that any specific proposals, projects or changes undertaken to deliver the priorities of the strategy requiring a Key Decision will be subject to individual equality impact assessments and action as needed.

5. NEXT STEPS

- 5.1 Subject to Cabinet endorsement, '*Framing Kent's Future*' will be recommended for approval at County Council on 26 May.
- 5.2 Following County Council approval, the strategy will be published on KCC's website and promoted to residents, partners and staff through KCC's communication channels.
- 5.3 The final section of the strategy explains how the priorities and commitments will be delivered and monitored. The strategy is the top level of the Council's strategic planning framework and will inform Divisional and Service plans that sit below it to ensure that the commitments are delivered by the relevant service.
- 5.4 The scope of the Strategic Reset Programme will be reviewed to ensure the key priorities set out in the strategy are driving its activity and the Programme is providing oversight of the major cross-cutting change programmes that the council needs to implement to deliver its priorities.
- 5.5 It is proposed that there will be a review of the Quarterly Performance Report to ensure that it is aligned with the commitments in the new strategy to allow regular monitoring of progress to be managed through the existing performance

management arrangements. This will support Member oversight through the Council's established governance channels. Cabinet will receive regular updates on performance, and within the scope of their remit, Cabinet Committees will be able to have oversight of how specific programmes and projects are progressing.

6. RECOMMENDATIONS

6.1 The recommendations are as follows:

Cabinet is asked to:

(1) **Endorse** '*Framing Kent's Future: Our Council Strategy 2022-2026*' and **recommend** it to County Council for approval.

7. BACKGROUND DOCUMENTS

7.1 Appendices for this item:

Appendix A – '*Framing Kent's Future: Our Council Strategy 2022-2026*'

Appendix B – Equality Impact Assessment for '*Framing Kent's Future*'

Relevant Director:

David Whittle, Director, Strategy, Policy, Relationships and Corporate Assurance
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Framing Kent's Future

Our Council Strategy 2022-2026



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LEADER'S FOREWORD

I am pleased to introduce our council strategy for the next four years - Framing Kent's Future.

The aim of this strategy is to support the Council and the County to meet both the immediate challenges that we face over the next four years, but also build a solid foundation for Kent's long-term success.

Unlike previous strategy, many of the assumptions that have underpinned our budget and our service delivery over the last ten years, such as low inflation, low interest rates, resilient supply chains and a strong provider market, are under threat from a fragile global economy and rising international tensions.

At the same time there is a need to meet head on the many social, economic and community issues that we face as a county, some of which have been around for generations but have been brought to the fore by the pandemic. An increasingly ageing population is driving more complex and more costly social care demand. New housing growth places pressure on Kent's physical and social infrastructure, impacting on quality of life for existing residents. Our environment faces challenges not just from climate change, but in some communities from overdevelopment. Our residents and businesses need support to develop a workforce with the skills to adapt and thrive in a rapidly changing global and local economy. And recent events have thrown into sharp relief how Kent's status as the gateway to Continental Europe can result in severe pressures on our roads, our businesses, and the quality of life of our residents.

Although many of these challenges are profound, they can be overcome. There are significant opportunities for the council if we do things differently in response.

We can build stronger relationships with our partners to meet the needs of Kent residents and communities as a place, rather than just as a collection of individual services. We can redesign and commission our services differently, with service users, with partners, and with providers working together and more collaboratively to design better and more resilient services. We can invest in new technology and automation that allows us to transform the efficiency and productivity of the council. We can reshape our estate to reflect how residents want to access our services and how our staff work flexibly. We can engage with Government to seek the devolution of the powers and resources to support Kent succeed.

This is why we have built this strategy around our four key priorities, which will shape and frame Kent County Council's response to the challenges and opportunities of the next four years:

- *Levelling Up Kent*
- *Infrastructure for Communities*
- *Environmental Step Change*
- *New Models of Care and Support*

Each of these priorities presents an area where the Council makes a significant difference to the quality of life of Kent residents both now and in the future. It would be wrong to imply that the next four years will be easy; they will not. The financial position of the council is unlikely to improve, as government funding is stretched ever further by competing priorities. The scale of the changes necessary to our services and how we work may be difficult for some residents, users, staff, and elected Members to initially accept.

But change will be a pre-requisite if the council is going to deliver successfully for Kent and place itself on a sustainable footing for the medium and long-term. The council is at its best when it can focus its skilled and dedicated staff on delivering services that they know will make a difference to the lives of the people of Kent.

I look forward to working with you all – the residents, partners, elected Members, and staff – to support the delivery of this strategy, and collectively and successfully, framing Kent's future.

**Roger Gough,
Leader of the Council**

KENT'S STRATEGIC CONTEXT

Kent is a fantastic county. It is an attractive place for so many people who choose to make their lives here. This is because we have many fundamental strengths and assets not found anywhere else. However, our distinctiveness can also bring challenges to the county's success and the quality of life for people who live here. Some of these are new and others are more ingrained but have been brought into sharper focus through recent events including the Covid (COVID-19) pandemic. This section sets out some of the main factors that make Kent the place it is, and that have shaped the priorities set out in this strategy.

Kent is uniquely positioned

Kent's geographical position brings with it some major advantages that the county can continue to capitalise on. Our transport infrastructure quickly connects Kent to both London and the Continent through the strategic road and rail network, with Kent enjoying the benefit of the UK's only High-Speed rail line (HS1). As the country's gateway with Europe, Kent is strategically important to the nation on issues like the security of our borders and the success of trade and inward investment. This brings huge opportunities, but it also brings unique challenges which the county has been managing for many years. This includes the impact of queuing lorries when there are border delays and the strain on our resources of supporting unaccompanied asylum-seeking children arriving at our shores. While no other county could have coped as well as Kent has, this comes at a cost – for our residents, our businesses and the image of our county. To protect Kent's quality of life and economic prosperity, fair solutions must be found to these national issues.

Meanwhile, the issues of being a peninsular economy can exacerbate workforce challenges across both the public and private sector, with employers struggling to recruit to critical roles, especially when London remains an attractive employment market. However, post-Covid changes to working and living patterns represent a huge opportunity. As people work from home more and commute less, the economic benefit from the commuting population can shift to local towns and villages rather than being gained by London. This more flexible approach to working also brings the opportunity to address some of the workforce challenges in parts of the Kent economy, by attracting more of those who can work flexibly to choose to live in Kent. Moreover, as businesses look to relocate outside of the Capital, Kent's strategic location, proximity and transport infrastructure can be used to secure new inward investment.

Kent is large and diverse

Kent is the largest county in England. This scale gives us resilience and a strong voice at the national level, but it masks an even more important strength, which is the county's diversity. The towns and villages of Kent have their own identity and heritage which makes them attractive local communities. As such, the needs of our communities are often very specific, with local challenges requiring local

solutions. The wide array of voluntary organisations, amenity societies and community groups are reflective of this diversity and give Kent a collective resilience beyond the sum of its individual parts. This was tested to the extreme during the pandemic, but through working at both county and local level, across statutory services and the civic society, Kent's response was second to none.

Our scale can also mask significant differences in factors that fundamentally affect people's lives, such as their skills levels and their health and life expectancy. These social and economic inequalities exist both within Kent, particularly between the East and the West of the county, and between Kent and the rest of the UK, particularly compared to the wider South East. Our geography, particularly in East Kent, and the challenges of isolated coastal communities can reinforce pockets of intensive deprivation, which are too disconnected from economic opportunities available in the rest of the county. Government's Levelling Up agenda presents a renewed opportunity to address these long-standing economic and social issues and catch up with the rest of the South East where Kent lags behind, whilst ensuring that we build on the success and potential of our more thriving communities. However, we face a significant risk that the relative affluence of Kent and the wider South East will mean that the Government's Levelling Up agenda overlooks the needs of some of the most deprived communities in the country which Kent is home to.

The county's diversity is reflected in our economy where there is no one dominant business sector or employer. Our proximity to London gives us a strong commuter base, our rurality gives us strength in agriculture, the channel crossings and ports give us strength in logistics whilst our countryside and coastline gives us strength in tourism. But the mainstay of the Kent economy are the many thousands of small and medium sized enterprises (SMEs) that provide employment for Kent residents. This economic diversity allows the Kent economy to successfully adapt to different economic cycles and pressures. We also have a diverse school system that promotes excellence, and a range of further education institutions and universities with national and international reputations. However, Kent is still lagging behind the UK and South East in some indicators of economic success, including productivity, skill levels, and innovation, which is limiting the potential of individuals and the county.

Kent is growing

The attractiveness of Kent as a place to live, work and study, enhanced by relative housing affordability compared to the wider South East, has led to rapid housing development in some areas of the county. This places pressure on our physical and social infrastructure, particularly our local transport systems, but also on our natural environment, for example through pressures on the water supply available for Kent agri-businesses. The disconnection between planning control and the delivery of infrastructure, inherent in all two-tier local government areas, is particularly marked in Kent where high levels of development are being managed across twelve Local Planning Authorities and a single County Council.

Like many areas of the UK, we have an ageing population, but this growth in older people is particularly focussed on some coastal Kent communities popular with retirees, which can reinforce local service challenges. Access to health care is exacerbated by the challenges faced in the east of the county to attract and retain GPs and nurses, with the training and development opportunities for healthcare professionals dominated by London.

Kent is affected by national and global challenges

Kent faces many of the fundamental challenges that all local areas face today, but local factors can mean that these are felt more intensely in Kent than in other counties.

Cost of living pressures caused by global issues such as rising fuel prices may be harder to bear for Kent's residents, where we are affected by relatively high costs, but lower earnings in some areas of the county than the rest of the South East. With many people and businesses still recovering from the impacts of the Covid pandemic, people in Kent are facing a tough time, with some falling into financial hardship that could put them and their families at risk of deprivation which has lasting impacts on their wellbeing and life chances. Kent County Council (KCC) cannot remove these pressures on people, but we can work with our partners to support people to cope, as we have done through our 'Helping Hands' initiative for households in financial hardship through the pandemic.

Whilst the internet and digitalisation has transformed society, it has harmed the vibrancy of many of our high streets. Without a single city or metropolitan area dominating the retail sector, Kent's towns had an established and strong retail offering. The proximity of London and Bluewater as major retail destinations, alongside Kent having the physical space to expand out-of-town retail parks, means our high street retail offer has been hit particularly hard and this has had a visible impact on the look and feel of many Kent towns. However, areas of Kent that have a strong independent retail sector are doing better and there are opportunities to support this in other areas of the county and harness our cultural assets to reinvigorate our high streets and drive footfall.

Kent cannot be immune from the inevitable impact of climate change, even whilst we transition to a greener economy. Over the last 30 years, Kent has lost more land to urbanisation and housing than any other county, and this increases the county's risk to being impacted by major weather events such as flooding. Kent's natural environment is one of the county's greatest assets, providing benefits for our quality of life and economy, and must be protected and strengthened. The council has made significant progress towards its ambition to reach Net Zero for its own services and estate by 2030 and is working with partners on Net Zero for Kent as a whole. Work to reduce energy and carbon emissions also reduces costs and so contributes to meeting the challenge of rising costs as well as improving energy security. The ongoing challenge is the trade-off between immediate cost pressures and the investment required to fund environment

projects that save money, adapt to existing climate change and mitigate against future adverse impacts.

Kent cannot keep meeting rising needs with stretched resources

Alongside the rest of the public sector, KCC is seeing exponential increases in demand for services that help individuals, including in adult's and children's social care. Funding is not keeping pace with the demand, and we are also facing the impacts of the global economic shock such as inflationary cost pressures and increases in interest rates. KCC has protected our people-based services as much as possible because we believe that providing support to people who need it is the right thing to do. However, as demand continues to rise, we cannot continue to do this indefinitely. This has also limited the resources we have available for functions like economic development which can help improve conditions for everyone in the county and are vital in tackling some of the big issues affecting quality of life for the whole population of Kent. There are hard financial choices ahead for KCC and our partners.

We recognise the challenges that Kent is facing, and the enormous pressures being felt by many of Kent's residents. We feel them too in the continued pressures on our services and on other public services in the county. We must balance the demands on our budgets, but in doing so we must not undermine the critical outcomes we want to deliver for Kent's people, economy, infrastructure and environment to make our county a better place now and in the future. We cannot solve all of the challenges, and we cannot face any of them alone. But there is an array of opportunities available to Kent to find a way through, drawing on all that our remarkable county has to offer, and through an honest conversation with people in Kent about how we can do it. The next section sets out how we will work differently to meet the challenges and seize the opportunities over the next four years and beyond.

OUR RESPONSE

This is how we will work differently to respond to the challenges and opportunities that Kent faces over the next four years.

1. We will have honest conversations with Kent's residents, businesses and communities

No one knows Kent better than the people who live and work here. In the past, we have tended to engage with residents, community groups and businesses about proposed changes and financial challenges on individual services. As we navigate through the challenges Kent faces, we need to have honest and ongoing conversations with people in Kent about their needs and expectations for all the services that we provide collectively, so we can better prioritise the way we use our resources. The pressures on our budget are significant, and we cannot serve the residents and businesses of Kent without being in a stable financial position, but there are real opportunities to achieve this by changing the way we work, such as reducing our operating and office estate to reflect the shift to digital and hybrid working. This will bring changes that will be very visible for our local communities, for our service users and for our staff, and we want to plan and implement this alongside the people it will impact from the start.

2. We will understand and act on people's needs

We can only plan and deliver services and prioritise our resources effectively if we have a full and detailed understanding of what the people in Kent who draw on our services need, both now and predicted into the future. Underpinning many of the opportunities for delivering change is a continued focus on improving the council's use of data and analytics to inform our service design and decision-making. The council must make better use of its own data and information provided by organisations delivering services on our behalf across the full range of our services, be able to share data with other public sector partners who are serving the same residents and local communities and use this to predict future trends. This does not just include quantitative metrics; qualitative data, including feedback from staff and providers, service users and residents, plays an important role in giving a fully rounded picture. This approach will also allow us to understand the impact of preventative action and invest in what has been proven to reduce future need.

3. We will have a strong focus on equalities

Kent's diversity is its greatest strength, and we need to ensure that no one is left behind or disadvantaged because of who they are. Most of what KCC does, in the services it provides and the improvements it seeks to make to Kent residents' quality of life, is aimed at improving equity of opportunity and outcome. Many of the priorities and actions set out in this strategy aim to tackle equality issues whether they exist in our county, our local communities, or our council. As a public authority we have a statutory duty under the Equality Act to publish a set of Corporate Equality Objectives for the organisation and report on progress

each year. By setting out the new Corporate Equality Objectives in this strategy (at the end of this section,) we are making a clear statement that tackling inequality is a fundamental and underpinning priority for the council.

4. We will be an open, fair and committed partner to those we work with

No single organisation in Kent can solve the complex challenges that Kent faces. KCC has a strong history of working with our partners in the public, private, voluntary and community sector, and this has been strengthened through our response to the Covid pandemic. Working more closely than ever with our partners gives us all the best chance of delivering better outcomes for Kent while making the most of our resources collectively - taking a view of what the county needs that is wider than our own organisation's services and budgets. It will help us to find innovative ways to meet people's needs and join up services and share resources so they work better for the people we collectively serve. KCC will continue to invest in its capacity and capability to deliver with and through its partners, particularly through earlier engagement on the development of strategies and service changes where a more collective and joined up approach may open up opportunities to do things better.

5. We will invest in and listen to our staff

KCC's dedicated and skilled staff are the backbone of the council, and we would not be able to deliver services to Kent's residents and communities without their continued hard work and commitment. Our staff are closest to the people we serve, and by listening to their experiences and ideas, we can benefit from this wealth of knowledge to improve how we do things. We are incredibly proud of how our staff have adapted through the Covid pandemic, finding ways to provide services in difficult and uncertain circumstances, and we will continue to support and invest in them as we settle into new ways of working. Through our new People Strategy, we will be an employer of choice within local government, where our staff feel supported and motivated to collaborate, innovate and deliver to the best of their ability every day. Our hybrid working approach, building on our previous initiatives will provide flexibility in how staff work, and we will continue to support their physical, mental and emotional wellbeing. Our managers will be confident to support change and accountability across the organisation. We will develop clear pathways for young people to enter and build their future careers in KCC.

6. We will find better ways to deliver services for Kent

Commissioning is the way that we understand people's needs and design and deliver our services to meet them. The majority of KCC services are purchased from third party providers across the public, private and voluntary sector. Given the challenging market environment our providers are facing and the changes and opportunities around integrated ways of working, we must adapt our commissioning approach. We need to shift more of our focus to understanding people's needs and the design of services, with greater resident, user, staff and provider engagement so that the full range of options available to meeting need can be properly considered. In doing so we want to build a strategic relationship

across service users, partners, and providers, with less of a focus on sourcing the provision of services through competitive procurement. We will also focus on the wider social value that our significant spending power (both individually and collectively with our partners) can achieve. Whether that is through a focus on new apprenticeships, upskilling the existing workforce, or preferring local Kent businesses throughout the supply chain, the spend across the Kent public sector should be leveraged to support the Kent economy.

7. We will make the best use of digital technology to improve how we work

The most significant opportunity to reduce cost but also improve user experience is from further digitalisation of our service offer. This will support a greater shift for users online, which is the way most Kent residents prefer to access services, but critically, also underpins greater ability to automate more of the processes and interactions our residents have with the council. Greater focus on automation can transform our services so that they are better prepared to meet future demand whilst improving accessibility and consistency for users and freeing up more of our time and resources so we can focus on providing better service. We will further invest in our ICT platform to support the transformation of our services and strengthen our cyber security. We recognise that a digital-first approach will not be suitable for everyone, and we will continue to provide other options where these are needed, while supporting people who cannot access digital options, for example due to lack of skills and confidence or due to digital poverty, to be able to use digital options if possible.

8. We will stand up for Kent nationally

Government has set a clear focus on leadership at a place level to deliver many of its priorities, including Levelling Up. While this is challenging in a place as large and diverse as Kent, there are new opportunities emerging that could allow Kent to secure powers and funding from Government to allow us to take more control across a range of issues, including skills, transport, planning and economic development. This would allow us to tailor the services that we and our partners deliver in these areas to meet Kent communities' specific needs. This is particularly important in Kent where national border issues affect us so directly. We will build on our relationship with Government to put forward a persuasive case for devolution in Kent that meets the county's distinctive needs. We will seek to strengthen the collective public service voice in Kent, so that it can clearly articulate and advocate Kent's needs as a place back to central government. We will also work with our partners to promote the county's strategic assets more effectively as an attractive offer to draw and retain investment, businesses, jobs and talented people towards 'Brand Kent'.

Corporate Equality Objectives





KCC's Corporate Equality Objectives for the next four years are:

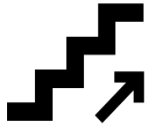
- Continue to be an inclusive employer which provides fair, open and equitable access to career progression and a trusted environment in which staff feel confident to call out discriminatory behaviour.
- Attract and retain a diverse workforce at all levels of the organisation which reflects the communities that KCC serves.
- Strengthen our equality data collection and analysis across our services to better understand people's needs and the cumulative impact of the council's actions on people with protected characteristics.
- Work with our strategic partnerships to understand and support the diverse needs of our communities.
- Promote equality, diversity and inclusion through our supply chains, including our trading companies.
- Ensure council information and services are accessible for everyone including those who are digitally excluded.

The council will publish an assessment framework as to how these equality objectives will be measured and monitored over the course of this strategic statement.

PRIORITIES FOR KENT

These are the priorities that KCC will deliver for Kent over the next four years. They have been shaped by the challenges and opportunities Kent faces and by the ideas and feedback we have received from our elected Members, partners and stakeholders. Each priority includes specific commitments and supporting objectives and will focus our efforts both as a council and collectively with our partners to meet those challenges and improve quality of life for our residents, businesses, and communities. They are:

<p>1. Levelling up Kent</p> 	<p>2. Infrastructure for communities</p> 
<p>3. Environmental step change</p> 	<p>4. New models of care and support</p> 



Priority 1: Levelling up Kent

Our commitment is to support the Kent economy to be resilient and successfully adapt to the challenges and opportunities it faces over the coming years.

Kent is a diverse county with a diverse economy. We have unique strengths and opportunities for economic growth including our nationally significant transport infrastructure, an attractive and distinctive natural environment supporting a strong visitor economy and important concentrations of innovation and high-value activity, such as at Discovery Park. Our position as the Gateway to Europe brings with it significant challenges, particularly when there are delays at the border that can bring parts of our road network to a standstill, impacting on residents, businesses and the image of our county. We must work with Government to find fair solutions to these national issues. While we have a dynamic and entrepreneurial economy, Kent overall falls behind the South East average in workforce skills levels, productivity and conventional measures of innovation. The county also has significant inequalities between its different areas, limiting the potential of individuals, local communities and the county as a whole. In the coming years, Kent's economy will experience significant challenges and opportunities as we adapt to demographic and workforce changes, changes in working practice, advances in technology and automation and managing the transition to net zero. Kent and Medway's Economic Strategy aims to develop a Kent economy by 2030 that is productive, sustainable and inclusive. Partners in business, learning institutions and government have a crucial role to play in making this happen, and KCC is well-placed to convene and lead this activity, getting the conditions in place for success and prosperity that everyone can benefit from.

We will:

1. Challenge Government to fully assess, recognise and meet the needs that KCC's strategic location presents – seeking a specific national infrastructure assessment by the National Infrastructure Commission.
2. Rebrand Kent to attract national and international investment by promoting all that the county has to offer for business, learning, leisure and tourism.
3. Support strategic opportunities for growth through the delivery of sites and premises and support for new investment and business expansion, where it will deliver higher-value jobs and increased productivity and contributes to our net zero target.
4. Back SMEs and entrepreneurs to start-up, grow and drive adoption of new technology to improve productivity through increased GVA (Gross Value Added) and higher wages.

5. Strengthen Kent's innovation 'ecosystem', working with our universities and businesses to increase knowledge exchange and opportunities for innovation.
6. Work with District Councils to regenerate town centres and promote independent retail, building on each town's strengths and the needs of the local area to re-establish town centres as economic and community hubs with renewed purpose and identity.
7. Unlock the potential of arts and culture as drivers for economic growth and to generate pride, identity and creativity in local communities.
8. Work with partners to develop a better co-ordinated approach to economic development across the county, joining up the strengths of the County Council, the Kent Districts and Medway. As part of this, we will explore opportunities with Government to gain control of more of the resources and decision-making that shape economic growth in the county.

Our commitment is to work with partners to develop a skills system for Kent that delivers skills that are resilient to changing workforce needs and opportunities and supports people to higher level skills.

Skills are the driving force behind a successful and productive economy. Kent lags behind the rest of the South East region on economic outcomes including productivity and average wages, and one of the main reasons for this is that our workforce has lower skills levels than the rest of the South East, particularly in our more deprived communities. Narrowing this skills gap will be essential to levelling up Kent, and we must ensure that individuals and communities who are being left behind are not excluded from opportunities to catch up because they are within the generally affluent South East. There are opportunities now to bring real improvements in skills levels, create high-quality employment opportunities and attract talented people into the county. KCC has a good track record of working with partners and providers from the further and higher education sectors, schools, and employers, recently strengthened through our actions to mitigate the impacts of Covid on employment in the county. We will build on this momentum, convening action to improve skills provision across partners and providers, utilising funding and devolution opportunities from Government, and using our rebranded Kent offer to promote the county as a great place to work.

We will:

1. Develop the highly successful Employment Task Force, so that it has the capacity to identify and tackle barriers to high-quality employment across the county and convene action between partners that will drive economic growth.
2. Respond to and build on the Local Skills Improvement Plan (piloted in Kent by Kent Invicta Chamber of Commerce), which gives businesses including SMEs a stronger voice in local skills planning.
3. Regularly commission the Workforce Skills Evidence Base to provide information about the Kent economy, businesses and skills requirements

and inform the Action Plan that will coordinate interventions to improve skills levels and seize opportunities for new jobs and skills.

4. Maximise the use of national skills funding, including the apprenticeship levy and the lifelong learning entitlement to create real opportunities for people to access training opportunities throughout their lives that lead to employment in vocational and technical fields.
5. Seek the devolution of the Adult Skills Budget so it can be better used to meet the short-term skills requirements of local employers.
6. We will work with the skills sector, building on recent models of collaboration, to develop the post-16 education system to better meet the needs of young people as well as the local and wider economy.
7. Use our rebranded Kent offer to attract a range of high-quality employment opportunities that will help Kent retain its talented graduates.

Our commitment is to maintain KCC's strategic role in supporting schools in Kent to deliver accessible, high quality education provision for all families.

Kent is known for its excellent school system which is an asset to the county. Schools are often at the heart of Kent's communities, particularly in rural areas, and play a wider role in bringing communities together. The school landscape, and the role of Local Authorities within education, has shifted significantly over the last decade, with schools rightly gaining more autonomy to meet the needs of their pupils and communities. KCC places high value on its enduring relationship with Kent's schools and continues to play an active role in supporting school standards. As national Schools Improvement Grant funding is removed, this will become an increasing pressure for KCC to manage in order to maintain a choice of high-quality education provision. In the coming years it will also be vital to ensure that children and young people are able to recover from and catch up on missed education and opportunities due to the Covid pandemic. We have already begun to address this through our successful Reconnect Programme which has provided activities and interventions such as online home study support sessions and giving quicker access to counselling. The longer-term impacts on children are still emerging, and sustained, coordinated activity will be required to mitigate these and support this generation of children to achieve their potential and develop into successful and resilient adults.

We will:

1. Maintain improvement support services for all Kent schools, including maintained schools and academies, to maintain Kent's high-quality education system.
2. Call for Government to fully fund our Schools Commissioning Plan to ensure both sufficiency and choice of school places for Kent's families.
3. Explore opportunities arising from the schools White Paper, including increasing our involvement in academies and the potential for KCC to

sponsor a Multi Academy Trust for maintained schools to more directly support them to improve and meet local needs.

4. Maintain our support for rural maintained primary schools, recognising the wider role they play in local communities.
5. Call on Government to close the funding gap on capital education requirements given the rising need for school building and refurbishment projects.
6. Monitor the long-term implications of lost learning and opportunities due to the Covid pandemic and lobby for more funding to secure sustainable legacy initiatives from the Reconnect Programme to meet additional needs and prevent children, especially those that are vulnerable, from being left behind.
7. Maximise the National Youth Guarantee to support activities and facilities for young people in all areas of Kent including deprived areas that may not otherwise take it up.

Our commitment is to see significant improvements in the economy, connectivity, educational attainment, skills and employment rates and public health outcomes in deprived communities in coastal areas so that they improve faster than the rest of Kent to reduce the gaps.

Coastal communities are a proud and distinctive part of Kent's identity and heritage. They are home to thousands of Kent residents and attract thousands more visitors to our county every year. However, some of our coastal communities face significant and long-standing economic and social challenges. People living in these communities experience some of the worst outcomes in health and life expectancy, educational attainment and skills levels, employment and life chances compared with the rest of the county. We cannot level-up Kent while these areas are falling behind. We want to work with our partners to deliver targeted action tailored to the needs of deprived communities in coastal areas that will bring accelerated and sustained improvement. To do this we will take an asset-based approach, starting with the community's strengths and opportunities. While we will expect to see rapid improvement in the metrics used to measure outcomes, we will also ask people in these communities about their quality of life and life satisfaction to ensure that the actions we take are making a real difference to people's lives.

We will:

1. Develop an assets-based approach to planning and delivering action to help deprived communities in coastal areas with our partners, starting with an assessment of the strengths and opportunities, identity and heritage that each area has to develop tailored actions for rapid improvement that will be sustained over the long-term.
2. Work with partners to regenerate the physical environment of coastal towns, maximising the opportunities of assets such as ports, improving the

infrastructure and improving the attractiveness of the local area to draw investment.

3. Work within the East Kent health partnership to analyse the local issues and publish a health needs assessment focussed on the issues of East Kent's coastal communities. This analysis and accompanying action plan will form a template for future work with other areas within the Kent and Medway Integrated Care System.
4. Take forward the lessons and recommendations of recent reports on health and wellbeing in coastal towns including the Chief Medical Officer's Annual Report 2021, KCC's Annual Public Health Report 2021 and academic research by the University of Kent.
5. Expand our [CrowdFund Kent](#) offer to support small community projects that respond to community needs, focusing on accelerating improvement in the health and wellbeing of people who live in deprived communities in coastal areas and creating strong communities.
6. Use our knowledge and experience as a coastal area to influence Government's forthcoming national strategy on coastal communities and align our activity to it.

Our commitment is to work with our partners to hardwire a preventative approach to improving the health of Kent's population and narrowing health inequalities.

A healthy and resilient population is essential for a successful and thriving county. Good mental health is as important as physical health and the two are interconnected in their impact on our wellbeing. A consequence of the social and economic diversity across Kent is significant variation in the health outcomes and life expectancy of people living in different areas or belonging to different groups. A vital component of levelling up Kent is taking action to narrow the gaps in health outcomes by supporting people to lead healthier lives. The factors that impact on people's health extend far beyond the availability of healthcare, and include education, employment, housing, and financial security, including increased risk of fuel, food and bed poverty. KCC therefore plays an integral role in delivering these wider determinants of health, as well as our targeted Public Health duties and actions to protect and promote the health of the Kent population. We can direct and influence many of the drivers of health and therefore play an essential role with our partners in the Integrated Care System (ICS) in improving the county's health, particularly through prevention. KCC will seize the opportunities that the new partnership arrangements present to align our activity so we can achieve more, sharing our intelligence and resources to target interventions.

We will:

1. Align our Public Health services and activities to deliver a strong system-wide preventative focus through the ICS for Kent and Medway by developing a five-year system-wide Public Health Strategy for Kent in

which every part of the system has a role to play, to reduce health inequalities and achieve better health and wellbeing outcomes.

2. Jointly deliver ICS population health initiatives, focusing energy and resources on the most deprived 20% of the population, other population groups experiencing poorer than average health outcomes (e.g. ethnic minority communities) and support the prevention of the five key clinical areas of health inequalities: maternity, severe mental illness, chronic respiratory disease, early cancer diagnosis and hypertension case finding.
3. Broker the involvement of all partners in Kent in the activities of the ICS so their valuable contribution to promoting health and wellbeing can be maximised, including the role that Parish and Town Councils can play in improving health in their local communities.
4. Adopt an unrelenting focus on reducing cardiovascular disease in our population by continuing to focus on healthier behaviours, stopping smoking, taking up exercise and healthier eating.
5. Work with partners to tailor approaches to improve mental health and wellbeing across the whole population and support the Kent and Medway Better Mental Health Pledge and building on initiatives such as Live Well Kent that provides free mental health support for people aged 17+ and is delivered on behalf of KCC and the NHS.
6. Seek to build on the legacy of our Helping Hands programme by exploring the sustainability of piloted partnership schemes that better identify, refer and support families and individuals in financial hardship to stop them falling into crisis.



Priority 2: Infrastructure for communities

Our ‘Infrastructure First’ commitment seeks to ensure that new development provides the appropriate physical and social infrastructure necessary to support new and existing communities’ quality of life.

Kent is experiencing rapid growth to accommodate our rising population. Housing growth that comes without the necessary social and physical infrastructure that new and existing communities need brings unacceptable damage to quality of life. We firmly believe that meeting nationally set housing targets, without the correct infrastructure, is not right or acceptable for Kent. An ‘Infrastructure First’ approach is critical before further housing growth and we must be increasingly ready to challenge developments where this is not the case. We are committed to building our capacity to drive strategic planning and regeneration at a countywide level, using our perspective and position to provide a strategic overview of the development and infrastructure needs of Kent as a whole. It is important that we are bold in our communication and negotiation with Government and its agencies about housing and economic growth ambitions and work with local planning authorities and our partners to clearly articulate and secure the subsequent investment required to ensure new development is properly embedded into thriving, connected and supported communities.

We will:

1. Challenge inappropriate development which does not have the appropriate physical or social infrastructure necessary to maintain the quality of life of new and existing Kent communities.
2. Strengthen our capacity to support strategic planning across the county to provide an oversight of the county’s plan-led development and infrastructure needs, learning from innovative new models of spatial planning across local government.
3. Seek change so that our key strategic policies (Growth & Infrastructure Framework, Kent Design Guide, Developer Contribution Guide) have a statutory basis and as such are material to planning decisions.
4. Work with Government to secure Kent’s ‘Infrastructure First’ Infrastructure Proposition with Government.
5. Seek to champion reform to the national system of developer contributions to make it entirely fit for purpose and continue to build a more robust relationship with planning authorities to ensure that the right infrastructure for all essential services such as education, health, social care,

communities and utilities (including waste, water and high speed broadband) is in place for developments to be approved.

6. As part of its Levelling Up ambitions, encourage the Government to reconsider its approach to assessing housing need in order to rebalance housing targets away from the South East.
7. Support local communities to have more involvement in shaping their own Local Neighbourhood Plans.
8. Through the Kent Design Guide and other relevant strategies, encourage housing that is designed with health and wellbeing built in to promote healthy lifestyles, respond to the impacts of climate change and changing work patterns, while being sensitive to Kent's cherished built, natural and historic environments and identity, and support greener ways of living and access to green and natural spaces.

Our commitment is to improve digital connectivity and access across Kent by supporting the delivery of both Government-led and local programmes.

Digital connectivity matters. Increasingly, almost everything we do requires a mobile or broadband connection, whether it is learning new skills, running a business, looking after our health or staying connected with our friends and family. Advances in technology – whether it be for domestic, business or industrial applications means that we will need faster and higher capacity digital connections. This will be essential if Kent is to remain a great place to live and work. To date, our work with Building Digital UK (BDUK) has helped over 150,000 homes and businesses that would otherwise have been left with no or slow broadband connectivity. Therefore, we are supporting the Government's ambition to deliver nationwide coverage of gigabit-capable broadband as soon as possible to ensure that Kent's homes and businesses have access to fast and future-proofed broadband connectivity. We must ensure that a digital-first approach does not exclude or disadvantage people who are unable to use digital options due to access barriers or digital poverty and support them to access digital options if they are able to. We have already begun this during the pandemic through our Helping Hands programme which has created various inclusion projects with partners to help keep residents digitally connected, and we will work with our partners to continue providing support for digital access as this continues to become a bigger part of life.

We will:

1. Encourage telecoms providers to go as far as possible with their own upgrade programmes, providing market-led investment in gigabit-capable networks and assisting telecoms providers with local delivery.
2. Support BDUK on the rollout of their new £200 million 'Project Gigabit' programme in Kent to connect around 100,000 homes and businesses that cannot currently obtain a superfast broadband connection or will not be covered by existing upgrade programmes.

3. Work with Building Digital UK and mobile network operators to support the rollout of mobile connectivity upgrades across the county, including the Shared Rural Network programme.
4. Work with our partners to develop and build a coordinated approach to digital inclusion across the county that will benefit residents, businesses, and those organisations supporting them, as digital technology and services evolve in a post-pandemic world.
5. Explore sustainability options so that our work through the Helping Hands programme to improve public access to Wi-Fi for communities in need can continue.

Our commitment is to support our rural communities and businesses in meeting the distinctive challenges and opportunities that they face.

Kent's rural areas make up around 85% of the county. Our unique identity as the 'Garden of England' is one of the county's greatest assets and Kent's rural communities and businesses have a history of innovation and enterprise. However, rural communities face their own challenges including areas of deprivation, which, along with other areas, will be exacerbated by cost of living increases such as rising energy and fuel prices. Kent's land-based businesses are facing significant challenges following EU transition, including employment and supply chain issues, and the need to adapt to climate change and changes in land use, but they also make a substantial economic contribution to the county and have strategic importance in terms of food security. Community action, often facilitated by active Parish Councils, is strong in many rural areas and is an asset that can be harnessed to tackle some of the issues rural communities face, including meeting the needs of an ageing population, social isolation, transport and access to services and opportunities. In order to support a modern and prosperous rural Kent, we need to ensure that Kent's rural areas have the social, physical and business critical infrastructure in place that communities, businesses and individuals need to succeed.

We will:

1. Reconstitute the Kent Rural Board into a dynamic, output driven group, bringing partners together to identify and work on key priorities to deliver outcomes for our rural communities and businesses.
2. Invest in Kent's high-quality landscapes and rural environment, protecting and enhancing productive farmland and protected landscapes and working with our partners to tackle climate change challenges such as the growing demands on water supply as our county grows.
3. Support a resilient and profitable land-based and food growing and production sector through encouraging continued diversification and promoting the growth of Agri-Tech and research and development to enable sustainable production, reduce emissions and enhance the quality of the rural environment.

4. Foster community capacity and resilience in rural areas, extending our [CrowdFund Kent](#) offer to enable local voluntary and community groups to take forward projects that will meet the specific needs of rural communities, enhance access to local support networks and services.
5. Explore innovative ways of delivering services in rural areas, including for example working more closely with Parish Councils, and using new technologies to improve the support people receive in more isolated areas.

Our commitment is to ensure residents have access to viable and attractive travel options that allow them to make safe, efficient and more sustainable journeys throughout Kent.

Transport and connectivity are vital to ensuring a good quality of life for Kent's residents, impacting accessibility of employment, education, health provision and leisure. The distributed nature of Kent's towns and villages creates challenges in providing a commercially viable public transport network and will naturally encourage more reliance on car travel. We need to be realistic about making car journeys work better while also working with our partners and providers to strengthen alternative travel options. Kent cannot afford to cross-subsidise transport routes that are not commercially viable in the same way a metropolitan transport authority would be able to. However, we are committed to working innovatively with partners and providers to ensure that the required infrastructure exists in new and existing communities to support flexible, reliable and integrated transport systems across Kent. This includes innovative transport technologies and active travel options such as walking and cycling, that can ease pressures on busy Kent roads while positively contributing to health and environmental outcomes for the county. The quality and condition of our highways, cycle paths and footpaths is key to resident safety. Therefore, it is essential that we commit to a highway maintenance approach that successfully balances efficiency and responsiveness with long term planning and sustainability.

We will:

1. Explore new models of delivering highways maintenance to enhance our highways responsiveness.
2. Invest in the condition and safety of Kent's highway assets, maximising funding opportunities from Department for Transport where possible.
3. Deliver our ambition to reduce fatalities, serious injuries and the number and severity of collisions, including on the county's rural roads.
4. Tighten the management of permits/lane rental to prevent excessive or unnecessary damage and disruption and to ensure good quality reinstatement of asset once work is complete.
5. Accelerate priority local road improvement schemes to tackle congestion and air pollution.

6. Incentivise people to choose alternative travel options to the car by prioritising the maintenance and creation of safe and accessible walking routes and cycle lanes, and providing bus priority where appropriate.
7. Support the development of zero emission/new technology public transport projects, for example zero emission buses, to increase efficiency and sustainability of public transport options.
8. Work with our partners through the Kent Enhanced Bus Partnership and with Government to explore sustainable and commercially viable options for providing bus transport to meet people's needs, making the best use of Bus Service Improvement Plan funding.
9. Strengthen our position and levers in regard to strategic transport links in the county (e.g. Eurostar, Eurotunnel and HS1) to maximise opportunities and benefits for Kent, such as lobbying for the reintroduction of international rail stops at Ashford and Ebbsfleet.

Our commitment is to help all Kent's communities benefit from having a strong social fabric which underpins family, community and personal resilience.

Kent's places are not solely defined by physical infrastructure; social infrastructure has an important role to play in creating strong communities where people can come together and support each other and improve the place they live. Whilst KCC and other public sector partners play a role in this, it is often the informal support and the myriad of local organisations, community networks, community leaders and local volunteers (we call this 'civil society'), that help to make a community and create a sense of identity. The Covid pandemic brought significant additional pressure on the civil society, but also highlighted the enormous force for good that it can bring, and we want to ensure that all of Kent's communities, existing and new, can benefit from this. It is often these very local groups and individuals that know their community best, and we want to create the right conditions for them to respond to communities' needs; for communities to be active and empowered. We have committed to this in our Civil Society Strategy. KCC also has a role to play in making Kent's communities safe and inclusive for everyone who lives there, improving civic pride and quality of life, but we also recognise that to be successful we must do this in partnership. One of the ways we can do this is to support a strong social sector (voluntary, community and social enterprises) in Kent, building on the strengthened relationships and partnerships that have been created through working together on Covid response.

We will:

1. Commit to funding a diverse infrastructure support offer for the social sector in Kent, which enables organisations to have access to the support they need to thrive, whilst ensuring the sector has a voice to influence and advocate for the people and communities they support.

2. Enable a coordinated, properly resourced and sustainable volunteering infrastructure across the county, including building upon the Kent Volunteer Partnership pilot project.
3. Expand our successful [CrowdFund Kent](#) Programme, providing funding for small local community groups to take forward ideas to respond to local challenges or improve their local area and enabling local people to back and support local projects that matter to them.
4. Ensure that as we redesign the way we deliver our services and adapt our physical presence in communities, we make these places accessible and inclusive for local community groups and the voluntary, community and social enterprise sector, offering a space for people to meet or use these assets to deliver activities.
5. Work with civil society and other partners to find ways to tackle social isolation and loneliness, including 'social prescribing' to community groups and activities that help people connect with others, building upon the successes of the Connected Communities project and through our Community Wardens, targeting them where they are most needed.
6. Continue to coordinate Government-sponsored refugee resettlement programmes including those for Syrian, Afghan and Ukrainian nationals and support them to settle into Kent's communities.
7. Create the right conditions to ensure there is a community-based offer of activities for young people that is led by the community and meets the needs of a diverse population.



Priority 3: Environmental step change

Our commitment is to consider Kent's environment as a core asset that is valued, strengthened and protected.

Kent's proud identity as the Garden of England is one of our greatest assets, and one that we must protect, both for the benefit of the county's nature and biodiversity but also for the enjoyment and wellbeing of our residents and the success of our economy. This is becoming more crucial given the cumulative impacts and pressures upon the county caused by factors such as a growing population, increasing urbanisation, a changing climate and an increase in extreme weather events. We are already making good headway; for example virtually everything that is thrown away in Kent is treated, recycled and produces energy, and we are taking a focused approach to protecting and improving our biodiversity. But we need to ensure these actions are not taken in isolation from interrelated challenges; for example, we must take a strategic approach to planning which encourages stronger links between local and spatial plans and our environmental targets to ensure that they are mutually supportive. We need to work with Government and our partners to bring about action that will make a lasting impact on how we safeguard Kent's unique environment.

We will:

1. Work with districts to produce harder and stronger action plans under air quality management areas where they are required.
2. Improve access for our residents to green and natural spaces especially in urban and deprived areas and through our Public Rights of Way network to improve health and wellbeing outcomes.
3. Continue our work establishing new trees across the county to deliver Plan Tree's ambitions of 1.5 million trees and a 19% canopy cover over the next ten years to support the recovery of wildlife, provide nature-based climate solutions, and enrich people's lives.
4. Work with Districts to deliver quality biodiversity net gain across the county's developments and land management that makes a meaningful contribution to the recovery and enhancement of nature in Kent.
5. Lead the development of a Local Nature Recovery Strategy for Kent and Medway, which will identify priorities for the restoration of biodiversity, map existing valuable areas of nature and make specific proposals to create or improve habitat and wider environmental goals.
6. Be a community leader in action for pollinators and develop KCC's own estate for the benefit of these vital insects.

7. Work with partners to protect and enhance Kent's coastlines, focusing on schemes that will make our coastal environments attractive, safe, and sustainable for both our residents and our wildlife.
8. Continue to work with our commissioning partners to create the infrastructure and jobs that enable us to reprocess waste materials and produce energy within the county, in order to maintain a closed loop local economy.

Our commitment is to work towards Kent being Net Zero by 2050.

KCC is committed to working towards Net Zero for the county by 2050 and recognises the challenges we have to overcome to achieve this transition, particularly as pressures such as energy price shocks become more pressing. The greatest proportion of carbon emissions come from domestic and commercial buildings and transport and we must identify practical and affordable solutions to reducing them, including encouraging the transition to low carbon technologies that can also benefit individuals and businesses. KCC has been leading the way through the Low Carbon Kent initiative, which supports SMEs to invest in decarbonisation. We need to build on this and encourage the development of a green economy in Kent through economic activity and technological developments that bring about reduced carbon emissions and pollution, and enhance energy and resource efficiency. Therefore, not only will KCC lead by example in working towards Net Zero across all of our areas of business by 2030, but we will grasp the opportunity to take a coordinated approach with partners across both the public and private sectors to meet the county's Net Zero ambitions.

We will:

1. Set detailed emission reduction pathways to Net Zero by 2050, with significant reductions by 2030.
2. Develop a full carbon footprint for Kent and Medway with consumption targets and reduction measures integrated into existing carbon budgets.
3. Establish a full assessment framework for commissioning, procurement and policy decisions to support our services in contributing to Net Zero targets and minimising the impact on Kent's environment.
4. Explore opportunities for financial support for local environmental projects and groups.
5. Explore creating a large-scale retrofit programme that is cross-sector and area-based, covering both business and communities.
6. Use our commissioning and procurement power to support Net Zero and the green economy, reduce our carbon miles and prioritise buying local goods and services where possible, and to further support green economy jobs in Kent.
7. Support residents and businesses to take action to reduce their carbon footprint and consider where KCC could use its purchasing power to lower the cost of Net Zero solutions and climate change adaptation.

8. Turn the curve on transport emissions and road pollution by developing approaches to road space, parking, public transport and electric vehicle infrastructure with a presumption towards more sustainable and low carbon travel modes.

Our commitment is to support Kent to become a leading county for carbon zero energy production and use.

Working towards Net Zero requires adopting alternative sources of energy generation and the ability to explore and maximise new forms of energy in order to reduce our dependence on fossil fuels. This transition needs to be pump-primed to accelerate the development and deployment of alternative energy sources, and the right conditions put in place to encourage this within our county. As a council, we are already pursuing and supporting ventures in alternative forms of energy, and as a county, we can go further. The adaptable and diverse nature of Kent's economy gives us an advantage in fostering research and development across the public and private sectors, and could put Kent on the map for developing and using affordable, clean and sustainable energy sources. The county already has over 5,000 businesses classed as being part of the 'clean growth' sector which equates to over 37,000 employees and £3.18 bn in GVA – the equivalent in employment and output to the manufacturing sector. We have the ingredients we need to pioneer the production and use of carbon zero energy – we need a coordinated approach to truly realise the potential of a flourishing green economy.

We will:

1. Develop a joint Future Energy Investment Programme for Kent and Medway looking at hydrogen, nuclear, green gas, decentralised energy in new developments, community energy generation, and other emerging energy technologies.
2. Explore opportunities for Kent to host small scale nuclear reactors, building on our strong nuclear legacy at Dungeness.
3. Undertake a renewable electricity and heat energy generation opportunities study for Kent and Medway that informs the deployment of alternative energy sources.
4. Make use of low grade land (e.g. landfill, low grade agricultural) through use of solar and wind farms.
5. Encourage and showcase 'energy positive' new developments and communities which produce more energy than they consume.
6. Work with universities, green businesses, and research & development organisations to explore the potential of the creation of a sector cluster in Kent for carbon zero energy production.

Our commitment is to ensure the county is well placed to adapt to climate change.

Kent is predicted to experience hotter, drier summers and warmer, wetter winters which will bring more frequent extreme weather events of flooding, storms, and high temperatures, all of which bring significant health and economic risks. These risks are particularly pronounced in Kent – as a peninsular county we are particularly vulnerable to flooding, and the risks are exacerbated by urbanisation which has weakened some of the environment’s natural resilience to the effects of a changing climate, and increased demand for water. Since formally acknowledging the environment and climate emergency in 2019, KCC has been a key partner in projects to mitigate and adapt to the effects of climate change. We fully support the use of nature-based solutions that sustainably utilise the county’s natural resources, including supporting wetlands, hedgerows and woodland to capture carbon dioxide, and moderating the impact of heatwaves by bringing nature into urbanised areas. We are keen to see nature-based solutions brought into planning, so that growth within Kent no longer contributes to climate change impacts. Making the county more resilient to climate change can only be achieved through working in partnership including with Local Planning Authorities, nature partnership organisations and water companies.

We will:

1. Invest in our natural capital to maximise nature-based solutions that assist in adaptation to, and mitigation of climate change impacts.
2. Develop a County Adaptation Guide that can inform the preparation of Local Plans to ensure that new developments are designed with adaptation to extreme climate and weather in mind.
3. Strengthen contingency planning to ensure that our assets, services and infrastructure, as well as communities, businesses, transport links and utilities are resilient to climate risks.
4. Develop and support approaches to alleviate fuel poverty for our vulnerable residents, including support for retrofitting schemes.
5. Working with partners, improve the safety and wellbeing of Kent’s residents and the economy of Kent through appropriate flood risk management, including the promotion of sustainable flood risk management practices in development, regeneration and land management, utilising natural processes where appropriate.
6. Work with the water companies, Local Planning Authorities and the Environment Agency to establish sustainable water management solutions to mitigate water stress caused by domestic, commercial and agriculture pressures.



Priority 4: New models of care and support

Our commitment is to seize the opportunity of integrating our planning, commissioning and decision making in adult, children's, and public health services through being a partner in the Kent and Medway Integrated Care System at place and system level.

The health and social care systems have been straining under exponential increases in demand for many years – a consequence of people living longer and with more complex needs, which has also been greatly exacerbated by the effects of the pandemic. As demand for our social care services has outstripped funding year on year, KCC has prioritised maintaining these services because we believe it is vital that we protect and support people who draw on social care. However, it is impossible to continue this indefinitely, as it creates pressure on other services important to Kent residents' quality of life. The time and opportunity has come to fundamentally rethink the way health and social care services are provided, both to manage the urgent resource gap health and social care jointly share, and to provide more preventative, coordinated care to the population we both support. Government have set a clear direction for the integration of health and social care and the creation of the Kent and Medway Integrated Care System (ICS) cements this shift. KCC is entirely committed as a partner in the ICS and will work to maximise opportunities to join up the planning and provision of health and social care services and the pooling of resources. We will work as an active partner at strategic and place-based level within the ICS structures to deliver this critical opportunity to create a sustainable and effective health and social care system for Kent.

We will:

1. Explore all opportunities to integrate our commissioning of services to improve health and care outcomes, for example enablement and intermediate care, joined-up hospital discharge services, jointly commissioning care home services, and technology enabled services.
2. Develop shared workforce priorities and move towards a shared workforce model, making caring roles a properly valued career of choice with a clear pathway for career progression, in order to recruit and retain a talented health and care workforce.
3. Support the development of Local Health and Care Partnerships, which will work in collaboration with local people and communities to identify their own outcome priorities and agree action to achieve them from April 2023.
4. Work within the system to ensure a strong focus on preventative community services, building a strong strategic relationship with the social

sector in Kent and their role in supporting a system wide focus on prevention.

5. Ensure that our public health function is shaped to support the ICS at system and place level and support the shared objectives of the ICS and council in regard to delivering effective population health management.
6. Explore the opportunity to develop a shared analytics function across the ICS, building on the strength of the Kent Public Health Observatory.

Our commitment is to support the most vulnerable children and families in our county, ensuring our social work practice supports manageable caseloads, reflective learning, joined up safeguarding and effective corporate parenting arrangements.

Protecting vulnerable children and families from harm and supporting them to live safe and fulfilled lives is one of our most important roles, reinforced by our statutory duties around safeguarding and corporate parenting. Like all of our people-based services, demands on children's social care services are increasing as the complexity of issues that children and families are facing grows, which has unfortunately been exacerbated by the impacts of the Covid pandemic. The best way we can manage this is to work even more closely with our partners including through the ICS to find joint approaches to helping children and families with complex issues that often span across our services. We are committed to making rapid and sustained improvements in the support we provide to children with Special Educational Needs and Disabilities (SEND) and their families, where we know that support has too often been lacking or delayed. As the number of children with SEND continues to grow, the deficit in funding through the dedicated schools grant to support them is also growing, and the financial pressure on KCC to provide the support that these children and families need is significant. We will work with our partners including schools and with the families of children with SEND to find sustainable solutions that provide the tailored support that these children need to access appropriate education and opportunities that will help them lead a good life.

We will:

1. Commit to taking forward joint commissioning of services for children with NHS partners through the ICS, led by KCC strategically at county level – for example improving neurodevelopmental assessment pathways for children and young people.
2. Act as a good Corporate Parent for those children in the care of KCC and improve support for young people as they transition into adulthood, whilst also improving support for those who transition into the Adult Social Care system.
3. Support further improvement in the quality of social care practice through investing in our children's social care workforce, ensuring appropriate

caseloads and reflective learning time available for our social workers, and further developing the Kent Social Work Academy.

4. Embed our 'One front door' approach, working with partners to ensure referrals to children's social care are efficiently and consistently managed to provide the child or family with the right help at the right time.
5. Embed a whole-family approach, tackling the underlying problems that might cause concern in a child's family, such as domestic abuse, substance misuse and parental mental health.
6. Respond to national policy changes on SEND provision, work with SEND families to rapidly improve the service provided to SEND children and work with mainstream schools so more can accept and meet the needs of children with SEND, increasing choice and proximity of school places.
7. Work with the ICS to support children's mental health needs so that they are met with the right level of support in a timely manner.

Our commitment is to ensure that adults who draw on social care support lead the lives they want to live, by putting their needs at the heart of everything we do, whilst successfully innovating and responding to the challenges to social care funding.

The aim of our Adult Social Care services is to make a positive difference every day, supporting people who draw on our services to live as full and safe a life as possible and make informed choices. To do this there needs to be a choice of high-quality, responsive, person-centred social care services available that meet people's diverse needs. This is increasingly challenging in the financial situation that we face. Nationally, adult social care reform is bringing long-needed changes in the way adult social care is arranged and funded to create a fairer and more sustainable system. Some of the main changes proposed, including the cap on care costs and enabling self-funders to request that we arrange their care bring with them a significant increase in workload and financial burden for KCC. While urging the right Government support to meet these costs, we must find a way to manage these changes while realising the benefits for people who draw on care and their families. We have real opportunities to improve the effectiveness and efficiency of our adult social care services by making full use of new technology and innovations that mean we can better manage demand and focus resources where they are most needed. Adult social care would not function without the vital role that unpaid carers play in supporting their loved ones, and we will go further to involve them in decision-making and support their own health and wellbeing.

We will:

1. Embrace innovations including automation technology to improve and speed up assessment for adult social care services, streamline admin/back office systems and save money to focus on frontline service delivery.

2. Seize opportunities to embed technology and digitally-enabled care and support services in meeting people's current and future care needs.
3. Support our place-based social work practice teams to pool or align resources to support more joined up health and care service delivery, empowering people who draw on our services to make decisions about their care and improving the quality of care they receive.
4. Respond to national changes in adult social care in a way that best meets the needs of people who draw on Kent's social care, including delivering the changes arising from the social care reform white paper such as the cap on care costs and implementing new requirements around inspection of care services.
5. Ensure that unpaid carers have the right information, advice and support to enable them to continue their caring responsibilities if they are willing and able, and involving carers in decision making as equal partners, as appropriate.
6. Provide effective support to those with learning disabilities whose care and support needs change as they live longer, including taking into account relevant statutory guidance from the Downs Syndrome Act.

Our commitment is to reshape our commissioning practice to ensure we build strategic partnerships with our providers, through earlier engagement, more consistent and proactive commissioning practice, and a stronger focus on co-designing services.

KCC heavily relies on the third-party providers to deliver the vast majority of its services. However, the market is facing extraordinary challenges including workforce shortages and cost pressures such as rising fuel prices. Market pressures are particularly acute in the adult social care market, resulting in increased costs for KCC on its biggest area of spend, and risks the continued stability and quality of social care services. We cannot expect that the market will continue to be able to meet increasing adult social care demands in the same way it always has. Part of the solution is to use our significant purchasing power to support a diverse and resilient market. We also need to rebalance our commissioning approach so we focus more on understanding needs and keeping an open mind on the variety of delivery options available before choosing the best solution, which will not always be to buy a service from the market. We will develop a more strategic relationship with providers and more strongly involve the users of social care and their carers to find sustainable solutions for both individuals and providers.

We will:

1. Make better use of data and analytics to understand current and future needs so we can improve commissioning.

2. Ensure the sufficiency of the market of social care in Kent, and work with providers to address the supply issues in certain parts of the county where geographic or workforce challenges impact on provision.
3. Explore options to ensure that residential care provision is fit for the future, responding to reduced levels of demand but increased levels of need and encouraging necessary growth in the specialist services segment of the market including for people with dementia, learning disabilities and mental health needs.
4. Ensure that the voice of social care users and their carers is heard and influences all service design and commissioning decisions.
5. Explore how we can work innovatively with partners such as the social sector to deliver services in partnership, with a more mature and collaborative approach to service design.

HOW WE WILL KNOW WE ARE ON TRACK

This strategy sets out our direction of travel for the next four years. As with our previous council strategies, it is important to have the right mechanisms in place that can tell us how we are doing as we work with our partners towards meeting the priorities and commitments we have set out. To do this we need to have a detailed understanding of the impact that our services are having, and we will ask residents, service users, businesses, staff and providers to share their experiences and views with us so we can get a complete picture.

A **delivery framework** will be established to ensure that progress is captured and monitored through a variety of channels, which will include:

- **Resident engagement:** We will ask Kent's residents about their experiences and perceptions of KCC's services to help us understand how we are doing and how we can improve the planning and delivery of services in the future.
- **Quarterly Performance Report:** The Quarterly Performance Report (QPR) informs KCC's Cabinet and the public about performance on key areas of the council's activity. It is an important tool for helping to deliver openness, learning and challenge to KCC's performance so the council can keep improving. We will undertake a review of the quantitative and qualitative measures in the QPR, and the more detailed Directorate Performance Dashboards, to ensure that there are strong and comprehensive links between them and the objectives within this strategy.
- **Divisional and Service Business Planning:** Business Plans are prepared annually to set out each division or service's priorities and the resources they will use to deliver them. It is important that the Directorates' business plans reflect our commitments and detail how the objectives will be delivered.
- **Strategic Reset Programme:** This is our council's overarching delivery mechanism for its cross-cutting and priority change programmes, and we will review its scope to ensure the key priorities set out in this strategy are sufficiently captured in the Strategic Reset Programme.
- **Equality Objectives Framework:** We will create a framework that will effectively capture and monitor progress against the new corporate equality objectives, so that we can provide robust council-wide evidence on how we are meeting them for our annual Equalities Report as part of our Public Sector Equality Duty under the Equality Act.

The council's established governance channels will allow KCC's elected Members and the public to have oversight of progress against this strategy. Cabinet will receive regular updates on performance, and within the scope of their remit, Cabinet Committees will be able to have oversight of how specific programmes and projects are progressing. Papers for KCC's public committees can be found on our website.

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EQIA Submission – ID Number

Section A

EQIA Title

KCC Strategic Statement 2022-2026

Responsible Officer

Karla Phillips - ST SPRCA

Type of Activity

Service Change: No

Service Redesign: No

Project/Programme : No

Commissioning/Procurement: No

Strategy/Policy: Yes

Details of other Service Activity: No

Accountability and Responsibility

Directorate: Strategic and Corporate Services

Responsible Service: Strategy, Policy, Relationships and Corporate Assurance

Responsible Head of Service: David Whittle - ST SPRCA

Responsible Director: David Whittle - ST SPRCA

Aims and Objectives

Aims and Objectives

The aim of Council's 2022-2026 Strategic Statement 'Framing Kent's Future' is to set priorities that ensure we are harnessing opportunities and addressing challenges being faced by us as an organisation, but more importantly faced by the residents of Kent, over the next four years. The Strategic Statement will also, for the first time, contain the Council's new corporate equality objectives, which have been developed as part of the Strategic Statement, rather than being created in a separate standalone policy. The Council is required to publish and report on its equality objectives under the Public Sector Equality Duty.

The Strategic Statement identifies priorities and commitments. It does not set out the detail of how we deliver, design and commission services. Instead, it will steer KCC's business planning and its Strategic Reset Programme, and refresh the council's underpinning strategy and policy documents.

Summary of equality impact and Equality recommendations

Recommendation: No change is required. The evidence suggests that there is no potential for discrimination and all appropriate measures have been taken to advance equality and foster good relations between the protected groups.

The Strategic Statement has county-wide application and will have county-wide impacts. There are no negative/adverse impacts on protected groups directly related to the strategy. There is the potential for the Strategic Statement to have a positive impact on people from all of the protected characteristic groups through aiming to improve their quality of life.

The Cabinet and CMT leadership will set the expectation that any specific proposals, projects or changes undertaken to deliver the priorities of the Strategic Statement requiring a Key Decision will be subject to individual equality impact assessments and action as needed.

Context

Kent County Council has developed a series of strategic statements on a four-to-five-year cycle which set out the Council's outcomes, priorities and approach for the medium term. The Strategic Statement is a

whole Council policy and part of the formal Policy Framework in the Constitution. It is aligned with financial strategy and influences strategy, policy, business and performance frameworks for the Council. It is intended to influence how we deliver better outcomes for all residents, businesses and communities in Kent. This new strategic statement builds on the comprehensive work and engagement undertaken to develop the Five Year Plan 'Kent's Future, Our Priority' (which consequently was not adopted by County Council due to the start of the Covid-19 Pandemic in 2020), and also the Interim Strategic Plan, which was published as an eighteen-month temporary plan to guide KCC through response to and recovery from the pandemic and pave the way for a new strategic plan.

Section B – Evidence

Do you have data related to the protected groups of the people impacted by this activity?

Yes

It is possible to get the data in a timely and cost effective way?

Yes

Is there national evidence/data that you can use?

Yes

Have you consulted with stakeholders?

Yes

Who have you involved, consulted and engaged with?

Within KCC we have engaged KCC Members, senior officers, KCC Staff Groups and Trade Unions, and the Corporate Equality Group. Externally we have engaged Parish Councils (via the KALC Area Chairs Committee), the Integrated Care Partnership Board, the Voluntary and Community Sector Steering Group, 'Brand Kent' partners including representatives from Visit Kent, Port of Dover, Eurotunnel, and representatives from Kent's universities.

We have also drawn upon KCC's Budget consultation which took place in 2021, and the extensive public and partner engagement exercise and consultation that took place for the Five Year Plan which was subsequently not adopted due to the start of the Covid-19 pandemic.

Has there been a previous Equality Analysis (EQIA) in the last 3 years?

Yes

Do you have evidence that can help you understand the potential impact of your activity?

Yes

Section C – Impact

Who may be impacted by the activity?

Service Users/clients

Service users/clients

Staff

Staff/Volunteers

Residents/Communities/Citizens

Residents/communities/citizens

Are there any positive impacts for all or any of the protected groups as a result of the activity that you are doing?

Yes

Details of Positive Impacts

The Strategic Statement sets out priorities and commitments that promote equality for people with all protected characteristics and seeks to improve the quality of life for Kent's residents. In addition, the specific corporate equality objectives we have set within the Strategic Statement are designed to have a positive impact for both our residents and our staff. They will ensure that KCC is doing its best to improve the outcomes for those with protected characteristics and will be held to account through the statutory

annual reporting on those equality objectives.

Regarding the four key priorities of the Strategic Statement, the focus of our 'Levelling Up' priority will address the disparities in economic prosperity and potential, including objectives for children and young people, and also younger and older people of working age with regards to improving skills and employment opportunities. The Levelling Up priority's commitments about health inequalities and also coastal communities will have a positive impact on age, sex, disability and race in particular. Our 'Infrastructure for Communities' priority will include objectives about digital inclusion/connectivity and social isolation, which should benefit older residents, residents with disabilities, and carers, and its objective about making our services and their physical presence accessible and inclusive should have a positive impact across the protected characteristics. Our 'Environmental Step Change' priority, with its focus on protecting and enhancing Kent's environment and achieving our Net Zero targets should have a positive impact on air quality and health and wellbeing outcomes, which should beneficially affect older and younger residents, and residents with disabilities both regarding physical and mental health- existing health conditions are not exacerbated or new pollution-related health problems created. And our 'New Models of Care and Support' priority will seek to improve how health and social care is planned and delivered by KCC and its partners, which should have a positive impact in particular for service users and residents such as older people, adults and children with physical or learning disabilities, and vulnerable children.

Specific positive impacts for respective protected characteristics will be provided through EqIAs on the individual proposals, projects and changes that will deliver the Strategic Statement's priorities.

Negative impacts and Mitigating Actions

19. Negative Impacts and Mitigating actions for Age

Are there negative impacts for age?

No

Details of negative impacts for Age

Not Applicable

Mitigating Actions for Age

Not Applicable

Responsible Officer for Mitigating Actions – Age

Not Applicable

20. Negative impacts and Mitigating actions for Disability

Are there negative impacts for Disability?

No

Details of Negative Impacts for Disability

Not Applicable

Mitigating actions for Disability

Not Applicable

Responsible Officer for Disability

Not Applicable

21. Negative Impacts and Mitigating actions for Sex

Are there negative impacts for Sex

No

Details of negative impacts for Sex

Not Applicable

Mitigating actions for Sex

Not Applicable

Responsible Officer for Sex

Not Applicable

22. Negative Impacts and Mitigating actions for Gender identity/transgender

Are there negative impacts for Gender identity/transgender
No
Negative impacts for Gender identity/transgender
Not Applicable
Mitigating actions for Gender identity/transgender
Not Applicable
Responsible Officer for mitigating actions for Gender identity/transgender
Not Applicable
23. Negative impacts and Mitigating actions for Race
Are there negative impacts for Race
No
Negative impacts for Race
Not Applicable
Mitigating actions for Race
Not Applicable
Responsible Officer for mitigating actions for Race
Not Applicable
24. Negative impacts and Mitigating actions for Religion and belief
Are there negative impacts for Religion and belief
No
Negative impacts for Religion and belief
Not Applicable
Mitigating actions for Religion and belief
Not Applicable
Responsible Officer for mitigating actions for Religion and Belief
Not Applicable
25. Negative impacts and Mitigating actions for Sexual Orientation
Are there negative impacts for Sexual Orientation
No
Negative impacts for Sexual Orientation
Not Applicable
Mitigating actions for Sexual Orientation
Not Applicable
Responsible Officer for mitigating actions for Sexual Orientation
Not Applicable
26. Negative impacts and Mitigating actions for Pregnancy and Maternity
Are there negative impacts for Pregnancy and Maternity
No
Negative impacts for Pregnancy and Maternity
Not Applicable
Mitigating actions for Pregnancy and Maternity
Not Applicable
Responsible Officer for mitigating actions for Pregnancy and Maternity
Not Applicable
27. Negative impacts and Mitigating actions for Marriage and Civil Partnerships
Are there negative impacts for Marriage and Civil Partnerships
No
Negative impacts for Marriage and Civil Partnerships
Not Applicable
Mitigating actions for Marriage and Civil Partnerships

Not Applicable
Responsible Officer for Marriage and Civil Partnerships
Not Applicable
28. Negative impacts and Mitigating actions for Carer's responsibilities
Are there negative impacts for Carer's responsibilities
No
Negative impacts for Carer's responsibilities
Not Applicable
Mitigating actions for Carer's responsibilities
Not Applicable
Responsible Officer for Carer's responsibilities
Not Applicable

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From: Roger Gough, Leader of the Council
 Mike Hill, Cabinet Member for Community and Regulatory Services
 David Cockburn, Head of Paid Service

To: **Cabinet – 16 May 2022**

Subject: **Findings from New Philanthropy Capital Research – Full Cost Recovery and commissioning the VCSE**

Electoral Division: Countywide- all divisions affected

Summary:

This report summarises the headline findings from a research project undertaken by New Philanthropy Capital (NPC) for Kent County Council (KCC), the final report is attached at Annex A. This research was commissioned in response to the action plan developed by the VCS Covid Recovery Cell and a subsequent commitment made in the recently adopted KCC Civil Society Strategy.

This research focused on the issues surrounding full cost recovery in KCC's commissioning of the VCSE in Kent, however by its nature the research has provided insights into some of the wider challenges found within commissioning models and the VCSE.

Recommendation(s):

For Cabinet to:

- 1) Endorse and comment on the research findings.
- 2) Agree the next steps in addressing the challenges set out in the report.

1. Background

- 1.1 This report summarises the headline findings from a research project undertaken by New Philanthropy Capital (NPC) for Kent County Council (KCC) and is underpinned by an extensive full report, provided at Annex A. The findings are based on a piece of rapid research (11 weeks) using structured interviews as the primary methodology.
- 1.2 The research was commissioned by the Director of Strategy, Policy, Relationships and Corporate Assurance and Strategic Policy Lead for the VCS following the work of the VCS Covid Recovery Cell, which highlighted in its assessment and action plan, issues with KCC's commissioning of the VCSE and particularly in relation to full cost recovery (FCR). This action was then taken forward into the VCSE Steering Group, which was established after the cell was stood down and has become a strategic engagement forum for KCC and the sector. The research was also discussed with the VCS Strategic Partnership Board, Chaired by Mike Hill, Cabinet Member for Community and Regulatory Services and there is interest from both district councils and the NHS, who are represented on the Board in the learning from the final report.

- 1.3 Whilst the issue of FCR is long-standing and not one that KCC faces alone, it was emphasised during the pandemic when organisations were not able to fundraise and voluntary income was reduced, putting pressure on budgets, particularly where this supplemented KCC contracts for service delivery. The report states that through this work it has been apparent *that KCC is forward thinking compared to peers in grappling with the question of full cost recovery (FCR). Much has been written in the past about good commissioning with the Voluntary, Community and Social Enterprise (VCSE) sector. However, the issue has been deprioritised through Covid-19, and there is relatively little public discourse about commissioning practices generally, let alone the specific issue of FCR. There has therefore been real interest in the findings of this research among national interviewees.*
- 1.4 The primary methodology was structured interviews, using a standard guide based on research questions indicated in the original research specification, and developed through the initial stages of the project through consultation with stakeholders at KCC and the VCSE Steering Group. We are grateful to all those who gave their insights to inform the research and to our local authority colleagues who provided case studies.
- 1.5 Interviewees were identified jointly based on early conversations with KCC stakeholders, the VCSE Steering Group, and NPC sector knowledge. Stakeholders were selected to cover a range of perspectives and experiences. In total NPC conducted 41 interviews including ten stakeholders from KCC (including staff and elected members), 21 VCSE organisations (including both lead providers and subcontracted organisations), four peer authorities, five national experts (including infrastructure organisations), and one private sector representative. In addition, they reviewed over 20 key documents—including documents specific to the Kent context, and wider discussions about the voluntary sector in commissioning—using the same research question framework.
- 1.6 Financial case studies were developed using publicly available financial information and management accounting information shared by three Kent VCSE organisations. These are included to illustrate the different funding models and income streams used by VCSE organisations. These have been anonymised and financial figures rounded to make them more difficult to identify (although proportions of cost are accurate).
- 1.7 The report sets out in detail some of the existing challenges with commissioning models in relation to the development of a VCSE ‘market’ over the last 20 years of public policy development. Many of these are nationally recognised issues and not specific to Kent, however this issue has not been looked at in detail elsewhere in the country both nationally and at a local level. This work is testament to the strategic engagement and partnership working, which developed between KCC and the VCSE over the pandemic and whilst this research was not intended to provide the solution it offers insights that provide the catalyst for change and to assist in the evolution of our commissioning in relation to the VCSE.

2 Summary of Key Findings:

- 2.1 The research found that there is some excellent commissioning practice within KCC and there are particularly good examples of contract management relationships between commissioners and providers. VCSE providers reported that the KCC standard of contract management is high once providers are actively engaged in delivering a commissioned service. They also had positive experiences both prior to and through Covid-19 of building these relationships with KCC commissioners and

reported finding them responsive and engaged in positive cooperative working relationships.

- 2.2 However, there is inconsistency in approach both in relationship management and commissioning practice, particularly in relation to full cost recovery, which is leading to misunderstanding, mistrust, and potentially undermining relationships.
- 2.3 The report highlights the shared responsibility for achieving FCR and the shared risks when this is not achieved. Practice that has evolved in the sector with the delivery of contracts by some VCSE providers not at full cost, has the potential to distort the market and going forward there is a market stewardship role for VCSE providers to overcome this.
- 2.4 However, there are a range of recommendations in the report for KCC to take on board both in the short-medium term and more fundamentally in the longer term. Changes to the existing model could be made in the short-medium term to create a better understanding of overheads and ensuring a more consistent approach across the council to FCR. A more transparent and consistent approach would, enable greater understanding on both sides of cost and quality and help to foster relationships.
- 2.5 Whilst these changes will help to reduce some of the problematic contracting in relation to FCR, it will not the report states, help to tackle the underlying tension of how to achieve shared aims in constrained budgets, this it states will require a more fundamental shift to new models of shared responsibility. Several themes are covered; engaging the VCSE in service and contract design, reframing the role of the commissioner to one based on partnership and to encourage both sides to have a better understanding of each other, and developing a scoring criterion to reflect value based on the achievement of long-term outcomes.
- 2.6 Thinking differently about commissioning will though take time and resources. It would require a fundamental shift in relationship between commissioner and delivery organisations, and so it requires a consensus and shared strategic decision by commissioners, elected members, and policy experts to engage with the VCSE in a different way. This shift from commissioner/provider power dynamic to a partnership where all parties bring expertise and resources, could the report argues create space to design solutions based on a shared understanding of the cost required to deliver at quality, and to draw the maximum benefit from the relative expertise and strengths of the different organisations. It marks a further step in the evolution first from grants to commissioning contract work, on to coproduction.

3. Conclusion

- 3.1 The research is clear that responsibility for FCR does not lie solely with the commissioner, nor solely with the provider. In addition to the overall budget available, it rests on the skills of the provider organisation; the knowledge and flexibility of the commissioner; the structures of commissioning to incentivise positive behaviour of providers; and relationships based on transparency and openness.
- 3.2 Relationships need to be fostered by fair, consistent commissioning structures which build on the expertise of the VCSE; which enable them to take good decisions based on predictable practices, and which support fair access of small providers to the marketplace.

- 3.3 NPC in its research has shared a raft of recommendations for both KCC and its VCSE partners for making improvements within the existing commissioning model. These recommendations, they suggest would hugely support the VCSE in achieving FCR in contracts and thereby support KCC to manage risks and achieve outcomes for Kent residents. But the tension remains between KCC's budgetary pressures and the VCSE's drive for contracts that achieve long term outcomes. Tackling this tension would, they state require a more fundamental rethink of the commissioning model, towards equal partnership in a coproduction approach.
- 3.4 There are also important reflections for the VCSE as providers, and especially as lead contractors. VCSE practices of subsidising services to gain competitive advantage can undercut peers and make it more difficult to make a collective argument about the true costs of delivering a high-quality service. There is a need for frankness and bravery from the VCSE in influencing commissioning practices, as well as a need to balance the competitive dynamics of commissioning with collective approaches. The research concludes that, if KCC takes the brave decision to explore new models of commissioning, it will need VCSE partners ready to adapt and change, keeping the people of Kent, rather than their individual organisations, at the centre.

4. Next Steps – meeting the challenge

- 4.1 Whilst this research has raised some difficult issues, the Council should recognise that it has been forward thinking in attempting to grapple with such long standing and nationally recognised challenges. Indeed, part of our next steps will be to share this report with local authority peers who have already shown an interest in this work and colleagues in the Local Government Association and Department for Digital, Culture, Media and Sport who are also interested in its findings, to supplement some of their own work in this space
- 4.2 There are several short-medium term recommendations set out in the research, which if undertaken could lead to a better relationship with the VCSE and understanding of FCR across the Council. Strategic Commissioning will take forward changes to the existing commissioning model to improve practice so that the good examples identified become the norm. In the short- medium term this will involve building on some of the existing work that is being undertaken by the Commissioning Standards team to develop more informed, timely and proactive engagement, this will be enabled by the commissioning pipeline that has been developed. We will also look at having better dialogue to inform our understanding of overheads and a greater appreciation of the way VCS budgets are developed, building more consistent practice around FCR, and embedding the good practice identified in a more consistent manner, for example around tender submission timelines. We will also look at training and development needs for anyone that undertakes contract management as part of their work. Commissioners will work with the VCSE Steering Group to test out and develop how we approach these changes and will also ensure that smaller VCS organisations are represented in the delivery of these changes, taking on board the challenges raised around lead providers.
- 4.3 However, more fundamental is the challenge the report sets about new models of shared responsibility, which requires us to undertake a fundamental, strategic rethink. The new Strategic Statement for the Council begins to set out some of this direction for the organisation and the detail of this research will be used to help us embed a new approach and enable us to explore the opportunities of more innovative strategic partnerships. The new Procurement Regime and the Health Selection Regime will allow more freedoms to look at partnerships and it will be important that we use these

regulations to enable us to think more creatively whilst remaining legally compliant. We will also look at how we can embed the learning from this research into renewing our Commissioning framework for the Council

- 4.4 However, the delivery of new models will require a partnership approach and as the report concludes there will be a need for the VCSE sector to reflect on its own practices and for us to collectively respond. We will work with the strategic engagement channels we have established with the sector to explore new models in more detail. This will require a mature and indeed challenging dialogue at times, given the pressures that are faced but the strengthening of partnership arrangements over the last year provides a good foundation to take these challenges forward and we are committed to doing so.

5. Recommendations:

For Cabinet to:

- 1) Endorse and comment on the research findings.
- 2) Agree the next steps in addressing the challenges set out in the report.

6. Background Documents

Annex A- Full cost recovery research report. *The experiences of Kent County Council's VCSE partners in public service commissioning*, New Philanthropy Capital.

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Full cost recovery in VCSE contracts

**Research into the experiences of Kent County Council's VCSE partners
in public service commissioning**

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April 2022

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Executive summary

The third sector can be a vital partner in delivering a range of public services, from social work, to domestic violence support, to providing community transport services. Using their knowledge, trust amongst local communities, and ability to act nimbly and innovatively, Voluntary, Community and Social Enterprises (VCSEs) can deliver better outcomes for service users and taxpayers.

This partnership is usually in the form of contracts commissioned by a local authority to be delivered by a VCSE. However, these contracts often do not cover the full cost of the work. NPC's [State of the Sector](#) research found that most charities pre-pandemic would subsidise their contracts from other income. This is likely to continue, as inflation erodes the value of existing contracts, and with NPC's [research](#) showing a more competitive market as more small and medium-sized charities seek to deliver public contracts.

We've been working with Kent County Council (KCC) to understand how Full Cost Recovery (FCR) is understood in relation to commissioning. FCR generally refers to paying providers enough to cover the full cost of delivering the contract at the agreed quality. However, as part of this research, we identified a lack of shared agreement or understanding on the definition of FCR. In this report, we examine why this and other challenges relating to FCR occur, and suggest ways to achieve a mutually productive partnership between local authorities and VCSEs. This research focuses solely on Kent, but we believe our recommendations will be useful to any local authority commissioning services or VCSE delivering contracts.

As the cost of living rises, and families struggle to pay their bills, VCSEs will need to step up. But with costs climbing, and emergency covid funding ending, both local authorities and VCSEs have good reason to fear the impact of non-FCR contracts on their ability to meet people's needs.

Risks of non-FCR contracts

It is not straightforward to distinguish between a FCR contract and a non-FCR contract; a complex interplay of factors under the control of both the commissioner and the provider influences whether the contract can be delivered on a FCR basis. Some providers knowingly accept non-FCR contracts when perceived benefits outweigh perceived risks. Others may enter such contracts unknowingly due to inexperience. Sometimes, contracts become non-FCR over time due to unanticipated costs such as inflation.

Not delivering on an FCR basis creates risks for everyone:

- The service may become unsustainable. This would directly impact the people who rely on it, and by extension the provider, the commissioning local authority, and the taxpayer.
- The market is distorted when VCSEs subsidise contracts with other income. Regardless of whether this is to cover core contract delivery or to provide added value, it disguises the true costs of delivering a service at a high-quality.

The central tension of quality, volume, and price

The central tension in commissioning is between quality, volume, and price. Delivering a contract on a FCR basis means making the equation of quality, volume, and price ‘add up’. Flexibility in any of these variables gives the provider space to design a response which meets the contract specification and allows them to achieve FCR. If all three are fixed however, then there is greater onus on the commissioner to make the equation ‘add up’—i.e. to ensure the price is sufficient to achieve the volume and quality required. Outcomes-based contracts offer more flexibility to providers to design a delivery model within budget constraints than output-based contracts—where volume is fixed.

It is this tension which leads to many contracts being agreed on a non-FCR basis. We heard in our interviews that VCSE definitions of ‘quality’ often differ from the methods used to score quality in bids. Talking about this right from the start could create a shared understanding of what ‘quality’ looks like in service delivery, so that scoring criteria can incentivise long-term outcomes. Commissioners should make the most of VCSEs’ knowledge about local needs when deciding on budgets and levels of delivery required.

Recommendations: Improvements within the existing model

KCC’s commissioning practices show examples of good and evolving practice, some of which could set new standards for KCC and other local authorities. This includes active and supportive relationships where commissioners ensure potential providers understand the implications of the budgets they submit. KCC has also been helping VCSEs to engage in commissioning processes more effectively. However, such progressive and proactive commissioning was not consistent across all of KCC’s work. We think improvements within the existing commissioning model could address these inconsistencies, strengthen relationships between KCC and VCSEs, and increase the likelihood of contracts being FCR:

- A common understanding and language around FCR would aid consistency of practice for KCC and VCSEs.

- There should be more consistency on the type and proportion of overheads that can be included in contracts.

There are also opportunities for KCC to support VCSEs, particularly small providers, to better engage with commissioning processes:

- Small providers who are not regularly engaging in commissioning may need more time to submit a high-quality bid. KCC should therefore follow existing standards of good practice about tender submission timelines.
- Small providers may not have the skills or experience to avoid pitfalls associated with achieving FCR. KCC should engage with VCSEs to understand and meet their training and support needs around commissioning.
- Commissioners should be familiar with VCSE budgets, including the overheads and support costs necessary to deliver a quality service, so they can recognise whether VCSE contracts are FCR and so they have a better understanding how VCSE financial models operate. This report includes three VCSE financial case studies to provide a starting point for this (Appendix B).
- A clear and consistent approach to issues around FCR promotes openness and trust between VCSEs and commissioners, particularly in market engagement. Such transparency makes it easier for providers to make good decisions for the benefit of the people they serve.
- Collecting data on key issues associated with FCR could help KCC to understand their scale and impact. For example, KCC could collect data to improve understanding of the frequency and nature of subsidy within VCSE contracts.

Recommendations: Moving towards a new model of shared responsibility

Even after improving existing commissioning practices, the underlying tension of how to achieve shared aims within constrained budgets remains. Both KCC and VCSEs need to be transparent about difficult choices and acknowledge the risks and rewards of different contracting decisions.

A [co-production](#) model, while more resource-intensive, could help to mitigate the risk of budgetary pressures leading to poorer-quality services for people in Kent. This would be a fundamental shift from a commissioner-provider power dynamic to an equal partnership, where responses to need are co-produced based on a shared understanding of the cost required to deliver at quality.

Reflections for VCSE providers and market stewardship

For partnerships to succeed, VCSEs must also change:

- Knowingly taking on non-FCR contracts, for mission-driven or competitive reasons, can undercut peers and hide the true costs of delivering a high-quality service from commissioners. In the long run this can create unrealistic expectations as to what can be delivered at what cost.
- Lead providers should consider their responsibility to sub-contractors, for example in building skills and capacities; and KCC should incentivise lead providers to work in this way, for example through its market positioning statements. Responsibility for improving the way the lead provider model works is shared between KCC and lead providers.

Future possibilities

In commissioning this research, KCC showed its commitment to better understanding the question of FCR and the challenges it presents to VCSE partners. KCC clearly recognises the VCSE as valuable partners in achieving the best outcomes for people in Kent. So, whilst all parties recognise there are knotty issues to resolve, we're confident that both KCC and VCSEs can work together to achieve their shared potential for the people they serve.

We also believe the lessons in this report will be useful to the wider local government sector.

Introduction

Much has been written in the past about good commissioning with the VCSE sector. However, the issue has been deprioritised through Covid-19, and there is relatively little public discourse about commissioning practices generally, let alone the specific issue of FCR. With further budget cuts imminent, a cost of living crisis hitting, and emergency funding ending, the question of FCR remains pressing. This report unpicks the complex issues determining whether FCR is achievable, what the risks of non-FCR are, and highlights current issues faced by KCC and VCSEs.

KCC is forward-thinking compared to peers in grappling with the question of FCR, and there has therefore been real interest in the findings of this research among national interviewees. We found examples of excellent practice within KCC, particularly around contract management relationships between commissioners and providers. However, a lack of consistency in approach makes it difficult for VCSEs to make good decisions in bidding for contracts on a FCR basis.

Both the VCSE and KCC have organisational imperatives for sustainability and cost savings amid increasingly tight budgets, but the objectives of both are ultimately aligned: delivering positive outcomes for people in Kent—and this is something distinctive to VCSE providers. However, through this research, we discovered a lack of shared understanding around FCR. This is leading to misunderstanding, mistrust, and is potentially undermining relationships.

This report includes recommendations for improving commissioning within the existing model, which could support VCSEs to engage effectively with commissioning while also addressing the issue of FCR. Making these adjustments to processes and systems and applying them consistently could foster higher-quality relationships and greater trust between KCC and the VCSE. Many of these adjustments could also benefit providers beyond the VCSE.

With increasing pressure on budgets, KCC is constantly balancing its investment in different needs. It has a legitimate concern that increasing budgets in one area to support FCR could lead to cuts elsewhere. This issue can create an impossible equation, where the quality and volume needed and the price available simply don't add up. Hiding this tension creates stress and risk for all parties. VCSEs are keen to have a different conversation with KCC about how it recognises quality in contracts through the achievement of long-term outcomes. To do this in the context of constrained budgets requires a more fundamental rethink to the commissioning model.

What might happen if a contract can't be delivered on a FCR basis?

How clear are the terms of FCR contracting?

Finding: KCC stakeholders expect providers to submit FCR bids or take responsibility where they choose to subsidise. Some VCSEs experience challenges with FCR contracting due to lack of experience. There are examples of KCC supporting providers to avoid pitfalls.

KCC stakeholders consistently stated that contracts with the VCSE are—from their perspective—FCR contracts, because providers are expected to bid for services only if they can cover their costs. Some commissioners indicated that providers might intentionally supplement contracted income with other sources to improve their offer above the specification requirements.

Some VCSEs feel confident in their capabilities in assessing whether a contract can be delivered on a FCR basis. Others, however, mentioned hidden or unpredictable costs, or referred to other VCSEs who lacked the necessary skills or experience to account fully for costs. As a result, some entered contracts naively without accurately or fully assessing their ability to achieve FCR.

'I think smaller organisations struggle more. Bigger organisations have been "bitten" in the past, so they will have learned and won't make the mistake again.'

KCC stakeholder

We also heard examples of commissioners taking a very proactive approach in supporting VCSEs to assess whether budgets were realistic.

What are the risks of different scenarios relating to FCR?

Finding: VCSEs can end up delivering non-FCR contracts for several reasons. Frequently, non-FCR contracting poses a risk to the provider and to KCC.

To understand the potential outcomes and risks of these dynamics, it is useful to break down the scenarios where VCSEs enter contracts without a clear, shared understanding of FCR. The table below outlines these scenarios and their potential impacts.

Scenario	Potential impact
1. Contract delivered on a FCR basis.	Mutually beneficial.
2. Despite careful assessment, unanticipated costs undermine FCR.	Risks to org and service.
3. Provider enters contract on non-FCR basis due to inexperience.	Risks to org and service.
4. Provider chooses not to bid because can't achieve FCR.	Loss of expertise / income.
5. Core contract specification can be delivered within budget and provider provides added value through other income sources.	Added value but distorts market.
6. Core contract specification cannot be delivered within budget and provider opts to subsidise delivery through other income sources.	May not align with KCC policy. Unpopular with other funders.
7. Budget template does not allow for accurate representation of overheads (nature or level) but provider decides to 'just make it work'.	Ongoing stress for VCSE. KCC doesn't see true costs.
8. Budget doesn't cover full costs, but provider decides the risks of not getting the contract outweigh the risks of non-FCR delivery.	Risks to org and service.

When the potential impact is '*Risk to org and service*', there is a risk to the sustainability of the provider; to people in Kent who rely on that service; and by extension, to KCC.

Causes of these scenarios

Finding: It's not straightforward to distinguish between a FCR and a non-FCR contract. Rather, a complex interplay of factors controlled by both the commissioner and the provider influences this.

Whether or not a contract is FCR is not simply a question of whether the commissioner has set an appropriate price, or whether the provider has budgeted appropriately. It is a complex interplay of factors within the control of both parties.

Below we have identified six key issues which influence whether a contract can be delivered on a FCR basis. These issues will be discussed in greater detail through the report:

1. A mismatch between the funding available for the contract and the contract specification.

2. A mismatch between the funding available and the way in which a VCSE provider wishes to deliver the service, in order to align with its mission and achieve long-term change.
3. A lack of shared understanding about FCR and the risks of contracts that are not FCR. This makes it difficult to have transparent conversations or plan to manage associated risks.
4. Knowledge gaps and inexperience of VCSE bidders, and a lack of support to put together budgets and assess costs.
5. Systems, processes, and budget templates which unwittingly make it more difficult for VCSE bidders to engage.
6. Insight gaps from commissioners about the nature and level of needs, and the costs of delivering a response which will achieve long-term outcomes.

Who is at risk where contracts are not delivered on a FCR basis?

Finding: There are risks to all parties if contracts cannot be delivered on a FCR basis. If the provider struggles, the commissioner will not achieve their desired outcomes.

Risks to VCSEs

Non-FCR contracts pose significant risks for the culture and the financial sustainability of VCSEs. It is far from guaranteed that other fundraised income will be available to cover indirect costs, particularly for VCSEs that receive a high proportion of funding from contracts.

Within VCSEs, the impact of non-FCR contracts on staff poses significant risks to service delivery and financial sustainability. When employment contracts are unstable, VCSEs report that they are in competition for staff with public sector providers, who can offer longer-term, more stable contracts. When there is high staff turnover, services are disrupted, trusted relationships with service users are lost, and organisations bear additional costs for re-recruitment.

Risks to the VCSE sector

Subsidy hides the true cost of services and makes it difficult for VCSEs to argue for an uplift in cost, either within the same contract period or for subsequent contracts.

Some VCSEs perceive that the move towards commissioning rather than grant-funding has negatively contributed to a more competitive and less collaborative VCSE sector, with larger

providers taking a higher share of contracts. Some believe this approach can push out smaller organisations with more niche, specialist skills and experience.

Risks to quality of services

If services cannot be delivered on a FCR basis at quality, it is likely that high-quality VCSE providers will decline to bid. That leaves the market reliant on poorer-quality providers, delivering a poorer-quality service for Kent residents.

If VCSE providers feel they cannot be transparent about changes to costs over time, and KCC is not made aware of this promptly, there is a risk that the quality and volume of services will be adversely affected.

Risks to relationships between VCSEs and KCC

Where VCSEs perceive that contracts are undervalued, or are delivering contracts which cause financial instability, there is the potential for communication to breakdown between VCSEs and KCC. As one national stakeholder noted:

'It's also not benefitting the relationship where the contract is undervalued... that sets the tone for the relationship. If the service feels that there are emerging needs not being met that need more funding, the communication might break down.'

Risks to KCC

Ultimately, KCC holds the responsibility and risk for the delivery of services to people in Kent. Therefore, the risks of the current approach to the sustainability of individual providers and the VCSE sector create risks for KCC as to who will deliver services if these organisations fail. There is also a risk to KCC if the current approach threatens the quality of delivery and outcomes for people in Kent, as KCC is accountable to voters in the local community.

Has Covid-19 exacerbated risks?

Finding: With rapid innovation, emergency funding, and flexibility from commissioners, the VCSE sector weathered the pandemic better than some predicted. But Covid-19 saw needs rising, and with a cost of living crisis hitting at a time when emergency funding is ending, KCC and the VCSE are concerned about the coming months.

Needs for charitable services have grown since the pandemic hit, driven by a range of factors, including closure of traditional support channels. The pandemic also created or revealed new needs, with many individuals relying on charities for the first time.

Overall, VCSEs praised the Covid-19 support they received from KCC regarding emergency funding and flexible attitudes from commissioners. KCC stakeholders similarly praised the responsiveness and innovation of VCSE providers as they pivoted services.

However, some VCSEs reported a lack of understanding from KCC about the challenges of operating under increased demand and pressure. One VCSE felt that commissioners should have taken on more of the risk involved with this increased demand.

Although lockdown pressures have now eased, inflation and the cost of living crisis are pressing issues. This will exacerbate needs in communities served by VCSEs and KCC-commissioned services. It will also affect VCSEs as employers whose costs are rising, with employees whose wages are not keeping pace with price increases.

Many VCSEs expressed concern about the future sustainability of their services with emergency funding ending, particularly as much emergency funding has short-term spending deadlines. VCSEs need clarity regarding future funding and how prices will be determined.

KCC stakeholders are concerned by the overall increase in pressure and demand on the voluntary sector at a time when income streams have been severely disrupted. This concern for the next six to twelve months was echoed in all our conversations with peer authorities (Appendix C).

'I feel that we've managed to weather the storm with sector... but the point we are at now will be telling, as some of our interventions and government interventions are coming to an end or have already ended and so as we start to move into the recovery period, people will start to feel the pinch [of issues such as inflation] which can have serious impact on the fundraising capability of the sector and could cause some real issues going forward.'

KCC stakeholder

KCC’s practice in VCSE commissioning

How well is KCC’s VCSE commissioning working overall?

Finding: Despite some inconsistencies, KCC’s commissioning practices with the VCSE show examples of both good and evolving practice, some of which could help to set new standards for itself, and for peer organisations.

VCSEs reported that KCC has a high standard of contract management during delivery. VCSEs emphasised the need for commissioning relationships based on honesty and flexibility in the face of changing circumstances and feel that KCC delivers this in some cases, albeit inconsistently. Some had positive experiences of building these relationships, and found commissioners to be responsive and engaged:

‘We have a brilliant commissioner. She is the best commissioner I’ve ever worked with in my life. She’s very, very collaborative. She doesn’t play out a power imbalance. She doesn’t think she knows it all. ... And that’s really valuable. She does listen if you say, “Actually, that’s not workable”.’

VCSE stakeholder

On the other hand, some VCSEs reported mixed or negative experiences:

‘I’ve been fortunate that with the number of the commissioners I’ve worked with, we’ve talked about a collaborative commissioning model and playing to strengths and recognising success, and we’ve had some really good experiences. But there are some much more punitive contract managers and commissioners who take a very different approach to managing the work that’s undertaken.’

VCSE provider

Despite these negative experiences, some VCSEs recognised the constraints on commissioners, which limit their freedom to adapt in the ways VCSEs might suggest:

‘[Commissioner] is fantastic. But I feel like she is stretched.’

VCSE provider

‘[Commissioners] are so open to criticism that they have to be quite clinical in how they approach commissioning in most instances. The very nature of that can be quite problematic in terms of relationship building [with VCSEs].’

VCSE provider

This awareness of commissioner constraints was not shared by all VCSEs, which may exacerbate tensions when they arise.

How has KCC worked to include the VCSE in commissioning?

Finding: KCC has been working to support VCSEs to engage in commissioning. We found pockets of progressive and proactive commissioning, but this was not consistent.

KCC has been working consciously to improve the consistency and quality of its commissioning relationships with the VCSE. In particular, KCC has been supporting the transition of many VCSEs from grant-funding to commissioned contracts. This support has included:

- Grant scheme investment in building the capacity of VCSEs.
- Individual commissioners helping potential providers to understand budgets and outcomes reporting.
- Pre-market engagement about contract specifications.
- Public advertising of contracts on a central portal with adequate response time, and promotion through networks.
- Simplifying application processes.
- Encouraging providers to bid in consortia.

While some VCSEs found these practices useful, we heard that more advanced supportive practices—such as commissioners working with providers to understand budgets and develop accurate costings in bids—are the exception rather than the rule.

We also heard that some of the more standard practices, such as giving adequate time for VCSEs to mobilise and respond, are not always in place. This is a barrier for VCSEs seeking to participate in commissioning opportunities.

What is the value of the VCSE in commissioning?

Finding: Previous research into VCSE commissioning has identified the unique value of the sector with regards to both local services and local communities. This theme was echoed by KCC stakeholders and in our document review.

KCC sees in the VCSE as a partner in theory, even if this attitude is not always applied consistently. This is reflected in its decision to commission this research. According to sources including [KCC’s Civil Society Strategy](#), VCSEs have unique value for KCC because:

1. They work in a preventative way, to ‘shore up’ individuals before they need to access statutory services.
2. They hold existing relationships of trust with communities, including those who may be frequently excluded from mainstream services, as well as with other stakeholders such as health professionals.
3. They have research and evidence assets, including a deep understanding of the needs and experiences of communities.
4. They bring flexibility and innovation, responding to changing situations effectively because of minimal bureaucracy and an understanding of communities’ changing needs.
5. Local VCSEs (like local SMEs) support the local economy by keeping supply chains in local areas. Conversely, national VCSEs can take the supply chain out of the local area.¹
6. They bring additional resources to ensure public service delivery is a success, including expertise, relationships, and effective referral pathways. This also includes volunteers who—while not free to recruit and manage safely and effectively—can reduce costs. This can also include additional financial resources, such as fundraised income, and it is this final added value which makes the question of FCR a tricky one.

Aside from these practical factors, perhaps the most distinctive role the VCSE can play goes beyond contract delivery, to influencing the design of public services. As NPC wrote in *Times of Change*:

¹ These factors are drawn from primary research of this project, as well as [Frank Villeneuve-Smith and Julian Blake, *The art of the possible in public procurement* \(London: HCT Group, 2016\)](#) and [NPC, *Unlocking Potential, Realising the role of local charities in public service*, 2016.](#)

‘Where charities are active in commissioning, they can act as a check on how that market might otherwise operate. Even if unsuccessful in securing the contract, their presence in the market, and the service quality they offer, can encourage commissioners to expect more of other providers and force private providers to up their game. At the very least, they can act as a bulwark against a ‘race to the bottom’ on costs and quality.’²

How does KCC engage the VCSE market?

Finding: KCC tries to engage the VCSE market, but its processes are inconsistent and inaccessible to some VCSEs. Some VCSEs perceive that there is an ‘inner circle’ of trusted organisations which are regularly consulted above others, which may undermine trust.

KCC makes efforts to engage the VCSE market, although with some inconsistencies of approach and practice. KCC hosts VCSE sector engagement events and runs a marketplace forum for VCSEs to engage with each other. It has established its VCSE Steering Group and Partnership Board to create more channels for communication between KCC and the sector. It is also currently funding a review of the Steering Group regarding wider engagement channels, which are recognised as a challenge by both KCC and the group.

How accessible do VCSEs find market engagement activities?

Some VCSEs find market engagement events inaccessible, and smaller organisations without well-established relationships with KCC can find it difficult to influence commissioning during this process. In some cases, specific organisations may be invited to consult on contract design, but this is not always made explicit to the rest of the sector and results in a sense of an ‘inner circle’. KCC sometimes advertises events in a small window with limited notice, and events are often hosted in a corporate environment, which again can make events feel inaccessible to smaller charities. The time and resource taken to attend multiple engagement events, particularly where organisations are unsure if they will be awarded a contract, can also be difficult to balance.

‘I absolutely get we’re in an environment where funding is only going to get tighter and there’s going to be less of it, but actually that should then mean that there is more conversation because we need to be mindful of how we spend a little resource better and more tightly.’

VCSE provider

² [NPC, Times of change: Briefing on public sector commissioning, 2015.](#)

KCC has taken steps to improve the accessibility of these processes, for example by testing longer notice periods for advertising events, but without seeing a substantial increase in VCSE engagement.

One VCSE noted that part of this inconsistency is due to VCSEs’ varying ability and capacity to build strong enough relationships to have frank conversations with KCC:

‘It’s not a level playing field, there are stronger players...who take a more robust approach with KCC about FCR, whereas other charities may not have the confidence or knowledge to take that approach. There is always a human element to procurement, so the ability to build and deepen relationships with staff within KCC inevitably helps.’

VSCE provider

The net effect of this inconsistency in KCC’s approach, and VCSE reception of engagement activities, is that it contributes to a perception of an ‘inner circle’, which ultimately restricts the market. By ensuring engagement is accessible to a wide proportion of the VCSE sector, KCC could increase the breadth of engagement and quality of input it receives, as well as increasing trust and supporting productive relationships.

While wide engagement allows for fairness and transparency, it can be resource intensive. Narrower engagement does allow for an efficient way to hear from the most interested parties, but risks excluding important perspectives. Whatever approach is taken, the approach and rationale needs to be communicated to potential providers.

Supporting the VCSE while treating all providers equally

Finding: It can feel difficult to strike the balance between supporting the VCSE without unfairly disadvantaging other providers, but it is legitimate to set scoring criteria which allows socially motivated providers to play to their strengths.

VCSEs have become an increasingly important partner in the delivery of public services. Commissioners need to balance a desire to recognise and support the value of VCSEs without contravening the legal need to show equal treatment; non-discrimination; transparency; and proportionality. Procurement teams tend to be risk-averse, favouring competitive approaches to manage the risk of legal challenge.

However, experts argue that the Public Contracts Regulations of 2015 were designed to ‘make your freedoms clear, promoting good commissioning and encouraging innovation. The regulators

want you to use these freedoms.’³ The [current Green Paper](#) also signals an intention to continue embedding social value into procurement. The key to supporting—or at least ensuring the inclusion of—social sector providers in the commissioning process is to define:

‘A clear specification that values, for example, evidence of strong local knowledge and connections; or wider commitments beyond the contract to the community... [so that it is] technically open to any potential supplier. [You thereby create] a procurement process and award criteria that allow social sector and local organisations to play to their strengths, showcasing the wider impacts that they create in the context of a specific contract. This ability to create social value is deservedly a source of competitive advantage.’⁴

Is a standard procurement exercise the only way?

Finding: There are alternatives to standard procurement exercises, and VCSEs are interested to work with KCC to design new solutions.

VCSEs feel that commissioners could make more of these freedoms provided by the legislation:

‘Kent does some good market engagement; it is open and consultative. The procurement Kent does, it does not do badly. But it is quite constrained by the procurement process. It could be open to conversations about how to do things without the whole public procurement process... But Kent’s commissioning is not set up that way—it just thinks of its role as outsourcing through commissioning of services. It’s constrained by this thinking and it’s not innovative enough in thinking about solving the issues that it faces.’

VCSE provider

Alternatives to standard procurement may feel risky, untested, and require investment of time by over-stretched commissioning teams. However, there is growing recognition that with reduced budgets, innovative commissioning to reach shared solutions is the only route to success.

³ [Frank Villeneuve-Smith and Julian Blake, *The art of the possible in public procurement*, \(London: HCT Group, 2016\).](#)

⁴ [Ibid.](#)

Alternatives to a standard procurement exercise⁵

Light-touch regime: Governs social, health, and education services. Permits the development of entirely bespoke processes so that commissioners can be confident of procuring something which meets communities’ needs. This is aligned with the principle of proportionality.

‘As long as the principles of transparency and equal treatment are adhered to, you can design pretty much any procurement process you like. If you think elements of competitive dialogue will give you a better outcome—include them. If you want a pre-qualification stage with a bespoke selection process and criteria—go right ahead. If you want bits of the competitive procedure with negotiation—it’s up to you.’

Reserved contracts: Available exclusively for social sector organisations if the contract is for a specific type of service and there is a clear and articulated rationale as to why a social sector organisation is objectively the best type of service provider. Reserved contracts are essentially a ‘shield’ which can be in place for three years.

Innovation partnerships: Designed to enable commissioning in situations where the answer is not yet known. As you cannot know the final specification before you begin, you are procuring the process that leads to the specification and its subsequent delivery—and the partner(s) you will want to go on that journey with.

Many VCSEs expressed an interest in working with KCC to co-design services.

‘The time is now to shift this to become true partners and true collaborators. A change of attitude might help overcome challenges of growing demand and diminishing budgets. That comes down to stepping out of the treadmill thinking of needing to run a procurement exercise every time you need to secure a service. Have conversations first and explore other ways to do it. The time is now to be brave. Change the dynamic so it’s not transactional.’

VCSE provider

⁵ This was not the focus of our research. This information may be incomplete and subject to change with the upcoming Green Paper. This information is drawn from [Frank Villeneuve-Smith and Julian Blake, *The art of the possible in public procurement*, \(London: HCT Group, 2016\).](#)

Key issues relating to contract pricing and FCR

The initial focus in discussions of FCR is often on overhead costs, and the overhead allocation that providers are permitted, or encouraged, to submit. However, this research raised an equally important question of whether budgets are sufficient to deliver services at quality. This requires us to look at the assumptions, expectations, and practices of KCC and VCSEs in setting budgets.

KCC's budgeting practices

Finding: Commissioning teams have limited freedom within headline budgets. There does not seem to be consistent practice in terms of contract design and pricing across KCC, although there may be consistency within specific teams.

Headline budgets

The VCSE is interested in learning how KCC sets budgets. This would help VCSEs to understand where there may be flexibility, and what assumptions are made about the level and nature of need. The overall budget available to deliver a service clearly has a bearing on whether it can be delivered on a FCR basis.

As with all local authorities, headline budgets in Kent are set by elected members in response to national priorities; democratic responsibility to voters; and statutory responsibilities. Statutory services, many of which are highly regulated, make up most budgetary commitments, although Kent has worked hard to preserve non-statutory spending. Commissioners are therefore operating within clear boundaries when setting individual contract budgets.

How consistent are KCC processes for specific contract budgets and pricing?

When allocating budgets for different services, KCC considers several factors, including:

- Expected delivery and overhead costs.
- Length of contract.
- Proportionate risk and how this will be spread across any partners in a delivery chain model.

For some commissioning areas, the annual amount devised through the budget allocation process is then split geographically based on perceived needs—for example, based on locality deprivation levels. An example of this in practice is the Live Well Kent contract. One KCC stakeholder described flexibility in budget allocation after contract awards, and gave an example of two organisations pooling their funds and assigning this based on where they saw the greatest needs.

'If the need changes, we are happy to be flexible and move money around to meet needs.'

KCC stakeholder

We heard from both KCC and VCSEs that there is not always an established methodology or consistent practice in terms of contract design and pricing across KCC, although there may be consistency within specific teams. Where teams or individuals use a consistent methodology, this does not seem to be clearly communicated either to VCSEs or other commissioners.

Different teams take different approaches to contract management; information-sharing; and engagement with providers about budgets. Many VCSEs do not understand how budgets are set, although some VCSEs acknowledge constraints on commissioners' budgetary freedom.

Additional funds awarded post-contract

Finding: In some instances, KCC has increased contract funds after appointing a provider. This has caused a breach of trust among providers who realised the contract could not be delivered on a FCR basis and opted not to bid.

We heard from KCC that there are conversations after contract awards about other money that can be accessed to 'top-up' contracts, for example by providers working collaboratively with the CCG or other VCSEs. Commissioners also have conversations with existing providers about opportunities such as match funding when looking to decommission services, to aid sustainability.

However, some VCSEs mentioned experiences where they had opted not to bid for contracts after calculating they could not be delivered on a FCR basis. The successful provider had bid based on delivering the service with funds available, and after the contract was awarded explained that the service couldn't be delivered in the original budget and negotiated additional funds. Practices such as this unintentionally incentivise irresponsible behaviour and penalise organisations who give careful thought to questions of FCR as they scrutinise the specification.

Costs changing over time

Finding: There is a likelihood of contracts diverging increasingly from the FCR-basis over time. This presents a risk if there is no 'safety valve' to recalibrate contracts.

Some VCSEs noted that costs to deliver a service at a consistent level of quality can change over the period of a contract. A contract might therefore appear to be FCR, but the real costs of delivering it can diverge from funds available over time. Factors influencing this might include:

- Inflation and increases in energy and fuel costs, compounded by the cost of living crisis, which are of particular concern to smaller organisations.
- The impact of Covid-19 and the EU transition, which have put pressure on building supplies and maintenance.
- Increases in minimum wage, which put pressure on VCSE budgets, as staff wages need to be increased across the board.
- Recruitment and retention costs for staff, necessary for providing a good quality service.
- The costs of senior management time in attending regular meetings, if this expectation is not made explicit up front.

Some interviewees felt these costs were difficult to predict and calculate in advance, while others felt the issue was more around the naivety of providers not factoring in these assumptions. Some VCSEs felt that private sector or larger national providers are better placed to absorb these unanticipated costs. While this should not be the expectation of any provider, the risks here are greater for small providers. There is also a potential risk for smaller VCSEs where overheads may grow over time when setting up dedicated infrastructure, such as new job roles or IT infrastructure, to service a contract's needs. This can pose issues towards the end of contracts, where these VCSEs may not have an exit strategy for continuing or closing down this infrastructure.

It appears that these factors are not routinely highlighted in KCC guidance to bidders. Therefore, it is the experience of the bidding organisation that determines whether these are factored into budgets. KCC could take a proactive role in telling providers which factors they should include in their budgets, to prevent avoidable challenges and protect both sides. We did not hear of any expectation from KCC commissioners to offer inflationary uplifts, or mid-contract reviews of costs. While recognising KCC's need to manage its own costs, this lack of 'safety valve' could bring risk to all parties with the level of inflation experienced and anticipated.

Perceptions that the VCSE is a cheaper option

Finding: Perceptions that VCSE providers might be cheaper are rarely accurate.

Several KCC commissioners and national experts felt that in theory the VCSE might be seen as a cheaper option compared to other providers—although few respondents held that view themselves. There are several ideas about VCSEs that feed into this perception:

- That VCSE resources can subsidise core contract delivery. This situation should not be happening, and is not part of KCC's approach.
- That VCSEs can fund overheads (support costs) through other income sources. This seems to be happening in some areas.
- That VCSEs can deliver at a lower cost because they are non-profit and happy to operate 'on a shoestring'.

This final point does not reflect the reality of VCSE budgeting and overheads. For example, a VCSE may deliver some work through volunteers, and its governance may be supported by unpaid trustees. This can lead to a commissioner misperception that unpaid support is 'free'. In reality, volunteer management, training, supervision, and safeguarding take time and resources, as does supporting the effective decision-making of an unpaid board.

Subsidy and added value

Finding: Subsidy is not always planned, and it's not always visible to the commissioner. Subsidy always risks distorting the market by reducing the price a commissioner will see as necessary to the achievement of a quality outcome.

VCSEs' ability to leverage additional resources is acknowledged by KCC as an asset and a competitive advantage. These assets might be non-financial and provide added value above the core contract specification, such as existing relationships of trust with service users, or complimentary services funded through other means. This is unlikely to reduce prices for core contract delivery, but it might make the VCSE provider more likely to achieve the long-term outcomes KCC ultimately wants to commission.

Sometimes, contracts are subsidised from other sources of charitable income, such as traded income, grants, or other fundraising. As noted in the previous section, we did not hear examples of VCSEs supplementing funds to cover core contract delivery in KCC, though in some cases VCSEs might supplement overheads or additional delivery beyond the specification. This subsidy might be:

- **Planned**, if the charity knows in advance it cannot cover costs with available funds.
- **Unplanned**, if unanticipated costs occur, or overall costs rise through the contact.
- **Visible to the commissioner**, where it is outlined in tender submission documents.
- **Hidden from the commissioner**, for example, where a commissioner has stated they won't cover certain overheads.

Most VCSEs said they do not feel pressured to leverage additional funding, although there were examples where this was an explicit or implicit requirement. It is not always clear to VCSEs whether this factored into award decisions; one commissioner stated that match funding can be evaluated as part of a tender. One VCSE explained that while there is no expectation to leverage in funding, this can help provide a more holistic service, which appeals to commissioners:

'Being a mission-driven organisation, we will go into tender and say, "Here's all the other things we do that will wrap around this". So, we do leverage in because we know that a holistic approach is the most effective. We've never been made to feel like we have to top that funding on.'

VCSE provider

Commissioners told us that where the success of a service rests on fundraising that is not yet secured, this needs to be made clear in the tender submission. In one example where this was not made clear, contract resource had to be subsequently redirected from service delivery to fundraising.

In the case of social care, some private providers supplement their contracts by charging for services. One VCSE felt there is an assumption that VCSEs will supplement their income on a similar basis. They felt it would be useful to know what specific expectations there are around costs gathered from additional funds, to help create an even playing field.

If subsidy allows VCSEs to offer the same service to different people, it is easier to distinguish between the value 'purchased' by the commissioner, and the additional value provided by the subsidy. However, if subsidy increases quality or builds 'wraparound' services, it is more difficult to make the distinction, and even where subsidy is explicit, a commissioner may not understand the true costs of delivering the service at quality. When VCSEs engage in this approach, they are putting the sustainability of the sector, individual services, and people supported by them at risk.

Acknowledging a central tension: Quality, volume, and price

Volume and price

Finding: Outcomes-based contracts offer more flexibility to design a delivery model within budget constraints, making FCR more achievable. Output-based contracts have less flexibility, and there is greater onus on the commissioner to set an appropriate price.

In some contracts, a fixed level of delivery is required for a fixed price. These contracts are monitored in terms of outputs, and are often associated with the delivery of statutory services, where provision is needed for a known number of people meeting the threshold criteria of need.

The realism of delivering these contracts on a FCR basis rests on the quality of insight on levels of need when commissioners are setting budgets. For statutory services, the number of people meeting a threshold of needs is often quite transparent, and although VCSEs might want to make the service available to a wider group of people, the ‘unit cost’ available should be transparent. In these contracts there is fairly good information upfront to help providers decide if budgets stack up, although a provider may decide it cannot provide the desired quality of service at the price available. If the provider chooses to proceed, there is little room to adjust delivery or to innovate to achieve the outcomes in a different way.

For contracts managed on an output basis, where an understanding of need is poor, or where budget has not been based on an accurate understanding of need, it may be even more challenging for any provider to deliver on a FCR basis.

Other contracts are managed based on outcomes—the changes commissioners want to see in those using the service. Where this is not tied to delivery targets, providers have space to develop a model within a fixed budget envelope. This can be helpful in preventing a ‘race to the bottom’ in terms of pricing:

‘Then you can go in and realistically say what you can do for that money.’

VCSE provider

The role of insight in setting budgets

Finding: KCC does not seem to be making the best use of information about need in budget-setting, and VCSE knowledge is underused. Where there is unacknowledged tension between budget and the level of delivery required, there is a risk passed on to the provider market.

Ideally, budgets would be set using the best available information about the level and nature of need, and the cost of delivering services at quality. Our research indicates that VCSE insight on community needs is sometimes, but not routinely, influencing commissioner budget allocation.

Stakeholders did not report any effective mechanism by which elected officials can hear reliable and consistent insight from the voluntary sector about tensions in strategic-level budgets. However, KCC is aware of this issue and is currently looking to improve these engagement practices.

This has critical implications for service design and delivery. Where there is inadequate funding to deliver a core quality service, but this fact is ignored or poorly understood, then the risks of contract failure and poor service delivery are passed on to VCSE (or other) providers. If VCSE insight is considered during budget-setting, there may be an opportunity to rethink how that budget is used in fundamental ways.

Scoring criteria: Cost and quality

Finding: VCSEs feel that many contracts are not priced to allow FCR on a high-quality service. Many expressed wider concerns about the way quality is assessed by KCC.

We heard from commissioners and providers that there are two main factors under consideration when evaluating tenders: price and quality.

KCC uses a calculation to provide a value for money score. This compares the proposed cost, reach, and quality of competing bids. In theory, this allows commissioners to balance the need to spend within very tight budgets while disincentivising awards to extremely low bids that may not provide quality services. For example, we heard from one commissioner that any tender submitted that has a cost of less than 20% of the average costs proposed by other bidders will be excluded as unsustainable. Quality scoring is also used to reward added value beyond the scope of the specification.

Many VCSEs we spoke to do not feel that KCC contracts are priced to allow FCR on a high-quality service, and one expressed the feeling that this is especially true for non-statutory services.

The question of cost and quality occurs at two different stages of the commissioning process.

The first occurs in the **setting of the maximum contract price**, which is often determined at a strategic level and not by the individual commissioner. If the total budget envelope is too small to support a provider to deliver on a FCR basis, then experienced, mission-driven providers may decide not to respond to a tender opportunity. Over time this may exclude high-quality bidders from the market, and in turn affect the quality of services for people living in Kent.

The second occurs in the **scoring** of bids received. This splits further into two issues:

1. The **relative weight** allocated to scoring of cost versus quality. VCSEs find this information very transparent in tender documentation, and although there were discussions about the correct weighting, this does not seem to be a major point of controversy. Indeed, commissioners explained that quality is evaluated before pricing.
2. The **way quality is assessed**, and whether commissioners are recognising and rewarding the ability to deliver high-quality services, rather than the ability to submit high-quality bids.

The question of **the way quality is assessed** was one of the most pressing and often mentioned themes in our conversations with VCSE providers. This is an issue of FCR insofar as it's a question of whether the contract price reflects the true costs of achieving the necessary value. It is also a much wider commissioning issue: a question of whether there is alignment between commissioner and provider over what is purchased and what is delivered, and who takes on what risk and responsibility where these do not match up.

Different interpretations of quality and value

Finding: VCSEs are concerned that quality scoring does not align with the achievement of long-term outcomes. Scoring for long-term outcomes could play more to VCSE strengths. More importantly, it should lead to higher-quality services for people in Kent.

Our research indicates that VCSEs offer value by delivering services in a way which achieves lasting outcomes. While VCSEs are already successful in commissioning, many feel that KCC's commissioning processes do not fully reward the value they deliver—and which KCC needs for the contracts to be a success in the long-term.

This is a risk for VCSEs in that they appear less well—or less uniquely—positioned to be successful in a tendering process. But it's also a risk for KCC, as it could procure a service which meets contract specification but does not achieve long-term benefits for people in Kent.

Many VCSEs feel that while individual commissioners understand the value of the VCSE, this is not necessarily reflected in current commissioning scoring criteria and processes.

'I think funding, particularly now, is always going to lead decisions. But I do think if you've got a strong commissioning team, they do understand the quality aspect as well.'

VCSE provider

VCSEs expressed two concerns with how quality scores are currently calculated:

- **They can reward the quality of bid-writing rather than the quality of potential delivery.** This could favour organisations who are experienced in bidding, even if they do not have a track record of impact.
- **They can reward activity over outcomes**, by favouring providers who promise to deliver activity at certain levels over those who recognise that achieving outcomes will need a different type of activity, or a greater depth of relationship.

These possible issues mean KCC may have a false understanding of the costs to deliver services at quality, and may set budgets which do not support FCR at the quality needed to achieve lasting outcomes. Some KCC stakeholders also noted concerns around a *'one size fits all'* approach to contracting, as simplistic processes may not allow for an accurate reflection of the quality and value VCSEs can bring. VCSEs were eager for KCC to look for other ways to evidence quality, such as the quality of relationships, or a track record of achieving long-term outcomes in delivering similar work.

This is not about recognising and rewarding VCSEs. This is about recognising and rewarding the aspects of contract delivery which drive a quality service and the achievement of outcomes for people in Kent. VCSEs feel that their experience of success in achieving outcomes, and the fact that they are driven by mission rather than profit, means they are best placed to see where changes need to be made to reward this long-term, outcomes-driven perspective.

Reasons KCC and the VCSE might think differently about quality and value

Finding: The mismatch between VCSE definitions of quality and KCC scoring of quality may be a genuine difference, driven by KCC's budget pressures and a possible lack of alignment between KCC's vision and VCSE missions. Nonetheless, opening a dialogue about this could bring the definitions closer together and guard against unintended short-term incentives in contract specifications.

This points to a deeper question—whether there is alignment between what commissioners choose to buy, and what value-driven VCSEs are willing to deliver. Commissioners might:

- Unintentionally set a specification which incentivises a short-term approach over an approach which achieves long-term change.
- Intentionally commission a service which they know is not 'gold standard' due to budget constraints and the need to balance competing priorities. We heard some KCC stakeholders expressing this view. This may also occur when KCC and the VCSE do not agree on priority services, or parts of services, that need commissioning.

In the former situation, market engagement from the VCSE can help KCC set a specification which appropriately rewards quality and the capabilities of organisations which can deliver long-term change. In the latter situation, VCSEs need to influence commissioners to understand that short-term savings will lead to costs in the longer-term. Ultimately, KCC shares the ambition of achieving long-term benefit for people of Kent and there is mutual benefit working together to think differently about using limited resources to achieve long-term change.

Nonetheless, there may still be situations where KCC's definition of quality—and therefore, value—genuinely diverges from that of the VCSE. In those situations, the VCSE needs to assess whether it can be successful, and is happy to deliver a service, where the specification does not fully align with its definition of quality.

Reflections for VCSE providers and market stewardship

VCSEs choosing to enter non-FCR contracts

Finding: VCSEs may knowingly take on non-FCR contracts for moral or competitive reasons. This may offer competitive advantage to the organisation and value to commissioners, but can undercut peers and hide the true costs of delivering a high-quality service. The VCSE sector should work towards a more collaborative approach. It should avoid distorting the market by undercutting the price required to deliver at quality, and be brave in engaging with commissioners on how to improve commissioning practices.

In some circumstances, VCSEs knowingly enter into non-FCR contracts, while the local authority perceives the contract to be FCR. There are several reasons for this choice.

Firstly, VCSEs may position themselves as a loss leader, for example if the Board and senior management want to expand into a new market. This can be an effective tactic where the VCSE wants to grow strategically or be seen as a key player in a particular service area. It can also help organisations to integrate certain services and drive down costs; this can be accomplished by sharing the non-FCR costs across several contracts.

Secondly, VCSEs are mission-driven, and can feel compelled to take on work that they believe is directly relevant to their strategy and will have a strong impact on beneficiaries. In some cases, VCSEs believe they are the best—or only—organisation that can deliver that service effectively, particularly if they are already delivering similar work and understand existing needs, and if they know service users will come to them anyway due to their long-standing, trusted reputation. This leads some small charities to feel they must bid for a contract even if they know it will be non-FCR, because effectively they will end up delivering the service regardless:

‘Sometimes the contract goes to a big new provider and then they don't get the service, and then the people come back so they end up delivering the service anyway because service users vote with their feet. The services are based on trust and local relationships and if it gets TUPE-d to a provider that doesn't understand the local context, of course they'll go with the charity they trust.’

A market stewardship role

As mission driven organisations, VCSEs should not be pursuing growth for its own sake, but only when aligned with mission. And whatever the rational or moral drivers, when VCSEs knowingly take on contracts below the true costs of delivering them, there are several impacts:

- They risk their own financial sustainability, and thereby the quality and continuity of services to people in Kent.
- They may undercut other VCSEs.
- They may hide the true cost of delivering the service—an important piece of information for commissioners wanting to make good decisions.
- They may distort the market by establishing that reduced price as the benchmark for future services.
- They lose the opportunity to influence commissioners—individually or collectively—about what a high-quality service should look like and what it costs, thus preventing the ‘race to the bottom’.

VCSEs should work collectively to push back against commissioners where commissioning practices undermine the quality of services or the sustainability of organisations. This is linked to a collective responsibility for the sector in ensuring good practices in areas such as board management or financial risk are applied consistently.

Supply chain models

Finding: The experience of the lead provider model is mixed and there are risks to the existence of niche providers where it is not working well. Responsibility for improving the model is shared. Lead providers should consider their responsibility to providers in the supply chain and consider where they should take on the responsibilities of the commissioner, for example to build the supply chain’s skills and capacities. KCC should develop an approach to market stewardship for the lead provider model.

A supply chain model can support access to contract income for organisations which lack the capacity to bid alone, and reduce duplication of time and skills needed to bid. It can also lead to financial savings for KCC. Among VCSEs, the supply chain model has delivered some examples of

success. Live Well Kent was cited by numerous providers as an example of this model working well, with a lead provider delivering across a range of contracts at good value.

We also heard from some smaller, subcontracted organisations that they value the lead provider model for various reasons. One organisation felt that contracting with their lead provider as opposed to KCC made the commissioning process less competitive and *'more of a conversation'*, with more frequent and clearer communication. Another organisation said their lead provider is very supportive and provides training in areas such as bid-writing and fundraising. The VCSE also appreciated that this lead organisation had worked to gain an understanding of their frontline delivery, for example by spending a day visiting their site and seeing their delivery in-action.

At the same time, the model raises some tensions, with some smaller VCSEs experiencing challenges in their relationships with lead providers. We heard examples of difficult and arguably disproportionate burdens of contract compliance, including examples where subcontractors chose to drop out of supply chains where these were too onerous.

The model may be more advantageous to KCC financially, but one VCSE stakeholder noted that the move to supply chain models now allows the smaller organisations *'pieces of funding, but not enough to keep any of them going'*. Another interviewee shared the worrying belief that while some lead providers worked in good faith, others almost seemed to design their supply chain to win a bid, but in expectation that some providers would fail and drop out of the contract, allowing the lead provider to take on a higher proportion of delivery—and therefore income.

'With the best value model they're using now, you put in stretch targets against the money... So it's a gamble, if you don't meet targets, you lose income... and [there is a question] about where the risks lie. Lead partners in supply chains can probably afford the gamble as the risks lie with supply chain, so loss of income won't affect them as much as the organisations at the bottom of the chain. This threatens survival of those organisations.'

VCSE provider

These niche providers hold specialist expertise, community relationships, and frontline experience. If subcontracting relationships threaten their future sustainability, this would represent a loss for Kent's communities and for commissioners who value their expertise. Responsibility for improving the current model is shared between KCC and lead providers. KCC should ensure incentives for lead providers are encouraging certain behaviours, for example through market positioning statements about the responsibility of lead contractors, or by stating a maximum proportion of the overall contract that can be delivered by the lead provider.

Improvements within the existing model

Below we outline barriers to FCR and recommendations for supporting VCSEs and other providers to engage in commissioning on a FCR basis. This section focuses on improvements within the current commissioning model. Some issues have been covered elsewhere in this report in more detail, and in these cases we share only the headline findings and recommendations.

Develop a common language and approach to FCR

Finding: There is a lack of common understanding and language around FCR. This leads to inconsistency of practice on both sides. It also makes it difficult to have useful discussions about how to improve the situation.

Recommendation: Use the information and scenarios in this report as a foundation for common understanding, and a more nuanced discussion about the challenges in specific contracts.

Several commissioners feel the VCSE has good understanding of FCR, referencing support around budgeting as VCSEs moved from grants to contracts. Nonetheless, KCC stakeholders are aware of the issues facing VCSEs with regards to FCR and are eager to increase clarity. There is a strong desire from VCSEs for the definition and application of FCR to be consistent across different directorates and between different commissioners. Both sides feel that an agreed definition of FCR is missing, and both would benefit from resolving this. This is not an issue specific to Kent—national interviewees feel that there has been relatively little guidance or discussion about FCR recently, especially guidance which recognises the constraints on commissioners.

Create a shared and consistent approach to overheads

Finding: although all parties acknowledge that overheads need to be factored into FCR, there is no consensus on what types of overheads should be included, or at what level.

Recommendations: Start a detailed and transparent conversation between the VCSE and KCC about the way to deal with overheads in contract budget templates. Move towards a consistent approach which allows VCSEs to present their overheads accurately.

Need for a consensus on types of overheads

There is an overall sense of lack of consensus on overheads. Both VCSE and KCC stakeholders referred to concepts like ‘a fair proportion’ of overheads, but neither had a clear definition of what a ‘fair’ proportion would be or how it should be calculated.

Some VCSEs feel KCC only recognises overheads associated with running a service, and not with running an organisation. Several referenced KCC’s stance that it was ‘funding services, not organisations’. This was not the message we received from commissioners, who recognise that overheads include a contribution to organisational overheads.

VCSEs stressed that many overheads are associated with quality assurance, including compliance with KCC reporting requirements; cyber security accreditation; and registration with regulators such as CQC. Interviewees also noted wider costs such as trainings and supervisions, to ensure there are high safeguarding standards when working with vulnerable groups. Some of these overheads might appear to be distinctive to VCSEs which routinely deliver contracts supporting vulnerable individuals, but in fact pertain to the nature of contract. Nonetheless, organisations may experience the burdens of these overheads differently due to their size or income profile.

We heard some consternation from KCC stakeholders about what overheads they felt it fair to cover; particularly overheads such as fundraising. Some KCC stakeholders are concerned that not all commissioners know what the ‘right’ overheads might be, and some expressed a desire for more guidance.

‘I would love there to be a document that sets out what would and would not be covered, but there is not, so then it becomes dependent on the expertise of the commissioner.’

KCC stakeholder

If there is an implicit expectation that certain costs will be funded elsewhere, this should be made explicit. Equally, providers should not try to ‘hide’ costs when bidding, and should reconsider actions that risk undercutting other VCSEs by exercising market stewardship.

The need for a consistent and widely understood approach to overheads

VCSEs feel that there is not an accepted ‘standard’ methodology applied to overheads—and by extension, FCR—in Kent. VCSEs expressed seeing huge variation in approach and culture between commissioning teams, policy makers and procurement managers. There is a perception that contracts given to different organisations cover different levels of overheads, without a clear rationale behind these decisions. The lack of clarity and consistency in this area is straining

relationships between VCSEs and KCC, and there is confusion from both sides as to what costs should or should not be covered and how to determine this.

Some VCSEs argued in favour of KCC funding a *proportion* of overhead costs, rather than asking providers to provide a granular budget based on the *types* of overheads it is willing to fund—within reason. Responses from KCC and VCSEs suggested that a certain percentage of overheads is included in contracts as standard, although there was no agreement as to the exact percentage level of overheads to be included, with responses varying between 10% to 20%.

One peer authority had experienced success with this approach, and it had favour with some parts of the VCSE, although we did not test the idea systematically with all VCSEs. One VCSE indicated this practice would be standard in the private sector.

'I come from a private sector background so I will tend to include a flat-rate margin rather than working out my overhead costs per item.'

VCSE provider

The need for budget templates which align with VCSE budgets

Many VCSEs mentioned struggling to articulate their true costs within existing budget templates. Many noted that their definitions of what constitutes a direct or overhead cost clash with the way overheads are defined and permitted in budget templates. As a result, guidance on permitted types and levels of cost do not reflect the realities of VCSE budgeting.

VCSEs fit their figures into the permitted categories as best they can. This exacerbates the difficulty of submitting a FCR budget. It also means commissioners don't have the benefit of building experience over time by seeing how VCSEs build and allocate their budgets. This issue is made more difficult because the task of distinguishing between direct costs, service-related overheads and organisational overheads is not straightforward and different VCSEs categorise costs in slightly different ways (see Appendix B).

Since this specific issue is not about increasing the overall budget for overheads, but looking at how they are categorised in tender responses, adjusting these templates could be a relatively easy adjustment with benefits for all parties.

Ensure adequate publicity time for VCSEs to mobilise

Finding: Providers who are not regularly engaging in commissioning—including, but not limited, to VCSEs—need time to mobilise resources to submit a high-quality bid.

Recommendation: Ensure existing standards of good practice about tender submission timelines are consistently followed.

Several VCSEs mentioned challenges with the visibility and timeframes of commissioning opportunities. There was a feeling that KCC often gets this right, but not consistently.

Contracts are consistently advertised on portals, but VCSEs have inconsistent experience of KCC sharing information through networks about forthcoming contracts. This is valued where it happens, with VCSE leaders commenting that it isn't practical to speculatively check the portal on a weekly basis. We heard examples of tender processes being open for only a couple of weeks, or over a peak holiday season when staff are likely to be on leave. Working in a rushed way makes it more difficult to consider risks and compile a FCR budget. This challenge is exacerbated in collaborative or lead contractor models.

In addition, many VCSEs do not have permanent staff dedicated to bid writing and need to release time for the chief executive and senior staff to support this process—which cannot happen quickly. For small VCSEs, a relatively small finance team must also assess the risks and realities of budgeting and delivering work for different income streams. This is very different from an organisation working at scale on multiple contracts, with a finance team that deals with the challenges of FCR contracting repeatedly.

Build VCSE skills and knowledge

Finding: VCSEs and other small providers may not have the skills or experience to predict and avoid pitfalls.

Recommendation: Engage with VCSEs to understand their commissioning training and support needs, and provide that support. This might be provided through training programmes, but it may make most impact through developing supportive relationships between providers and commissioners.

VCSEs with limited experience of, and resource dedicated to, tendering processes can experience challenges. This is particularly seen in small VCSEs, where staff are likely to be low on capacity and time-poor, and there are not teams or individual staff dedicated to bid-writing and calculating costs. It is challenging for VCSEs of all sizes to anticipate all costs and potential future cost

variations, as the costs of delivering a service depend on a host of variables, and so this challenge is magnified in small VCSEs.

'I would like VCSEs to have a greater business grip on what their model means when they are bidding for specific service. My overall feeling is that they don't understand the risk they are taking on and don't realise it until too late.'

KCC stakeholder

For those with less experience of working with contracts and bids, it can be particularly difficult to unpick the details of variations in payments; for example, where a proportion of places are directly funded by KCC, but others are funded indirectly through direct payments to individuals. Bidders might struggle with FCR in other ways, for example, in factoring in inflation or the time needed to report using certain systems. Where commissioners do not have the time, inclination, or resource to explore proposed budgets with potential providers in detail, discrepancies can easily emerge. Some stakeholders noted that bigger organisations are more likely to have been 'bitten' by similar difficulties in past contracts, and are therefore more able to anticipate and avoid these.

Some KCC commissioners spoke about proactive, detailed work to check the realism of budgets submitted by providers, through dialogue with the preferred provider and with the wider market—offering an opportunity to re-price based on these conversations. However, it's not clear whether this is a KCC-wide approach.

A mixed model of support may be most effective here. This could involve training from KCC; peer support from other VCSEs; and developing supportive, 'troubleshooting' relationships between providers and commissioners.

Build commissioner skills and knowledge

Finding: VCSE providers feel that commissioners lack practical knowledge of how their budgets and overheads work, which leads to avoidable barriers to their participation in commissioning on a FCR basis.

Recommendation: Build commissioner familiarity with VCSE budgets, including the overhead and support costs necessary to deliver a quality service. Ensure commissioners have support to achieve this, for example through training.

With a greater understanding of VCSE budgets and overheads, commissioners might notice commissioning structures which inadvertently and unnecessarily make it more difficult for VCSEs to access commissioning opportunities and deliver on a FCR basis.

There was a clear message from VCSEs that commissioners do not understand how VCSE budgets are put together, and therefore commissioners do not understand the rationale for including certain overheads in a FCR budget. Appendix B offers a starting point for commissioners seeking to understand the reality of VCSE budgets.

We also heard from some providers that over time, commissioning has become more 'professionalised', with fewer commissioners coming from a service delivery background. From the VCSE perspective, this means the commissioners are less likely to understand the nuances of the VCSEs' work and the full range of costs involved:

'Commissioners for social services used to come up through the ranks of social services, so [commissioning] was much more based on an understanding of what things were really happening on the ground, and what needs really were.'

VCSE provider

It is not clear that KCC has access to the information needed to assess whether providers can realistically deliver contracts in a FCR way. Elsewhere, we have discussed the opportunity to include greater VCSE insight into commissioner understanding of community needs, and an accurate assessment of the costs of delivering services at quality.

Responsibility for these knowledge gaps is shared. VCSEs acknowledged that they could be more direct in their relationships with commissioners, for example by feeding back on the feasibility of proposed contract pricing in the light of community needs, and requesting changes to budget templates rather than fitting their costs into unsuitable frameworks.

Improving trust and transparency

Finding: Improving transparency was an important theme that emerged in this research. This speaks to a wider issue of building trust based on clarity of approach, so that providers can use available information to make good decisions.

Recommendation: Ensure openness and transparency, particularly in market engagement. Strive towards open communication and consistency to help foster trust.

The theme of 'transparency' encompasses some specific issues discussed in more detail elsewhere in this report:

- The need to conduct market engagement in an open way and avoid the perception that a few favoured bidders form an 'inner circle'.

- An interest from VCSEs to understand how KCC sets budgets and assesses levels of need.
- A responsibility from the VCSE sector to be transparent and let KCC know what it feels is feasible and fair—and not hide these challenges to achieve competitive advantage.
- The need for open dialogue to improve VCSE understanding of KCC’s constraints, which may extend beyond budget to ways of working and statutory concerns.

The theme of ‘transparency’ also speaks to a wider issue beyond specific systems and processes. While many VCSEs spoke about positive individual relationships with commissioners, inconsistent practice contributes to tension and mistrust. Some VCSEs stated that the detail of KCC’s approach is less important than knowing exactly *what* the approach is, and seeing it consistently applied. This would help VCSEs to feel more confident in decision-making and would support both parties to undertake commissioning in good faith. While this recommendation represents ‘*Improvements in the existing model*’, it is the foundation of ‘*Moving towards a new model of shared responsibility*’.

The role of data

Finding: KCC has limited data available to build understanding of FCR.

Recommendation: Consider how to develop existing data to improve understanding of the VCSE in commissioning, and questions relating to FCR.

NPC hoped to include a data-methodology in this research, by analysing the costs and outcomes of VCSE providers. This has not been possible for data access reasons, and we understand work is underway to improve the tagging of contract providers by sector. Data is always a challenge, and KCC is ahead of many authorities in the work it does to calculate its annual spend with the VCSE.

Without data on providers, however, it is not possible to assess how VCSE overheads compare with other providers. There is also no visibility of subsidy, and as a result KCC has no sight of where this presents a risk—an increasing challenge under inflationary pressures. Neither does KCC calculate the degree to which VCSEs offer ‘added value’ through bringing additional resources to contract delivery. We encourage KCC to think about the research questions it wants to answer in relation to FCR and the VCSE in commissioning. These questions might be answered using financial and outcomes data collected through contracts. With a data-driven approach, KCC could go further than identifying key issues to determine how common an issue is, or how severe.

Moving towards a new model of shared responsibility

Finding: Improving existing commissioning practices will reduce problematic non-FCR contracting. However, the underlying tension of how to achieve shared aims within constrained budgets remains.

We might have expected to discover FCR was a technical question about KCC processes and VCSE sector skills—and those issues are relevant. Improving existing processes and building skills will help to avoid situations where FCR cannot be achieved. It will also help all parties understand, acknowledge, and manage risks if contracts are intentionally entered on a non-FCR basis. However, the underlying issue is that budgets are stretched, and difficult decisions need to be taken about where to invest scarce resources. This issue will compound in the coming months as inflation rises and the cost of living crisis hits.

VCSEs can experience frustration that contract specifications don't recognise and incentivise the achievement of long-term outcomes and long-term cost savings. KCC can likewise experience frustration that the VCSE doesn't recognise its constraints and the difficult prioritisation decisions it needs to make.

If commissioning practices stay the same while budgets are reduced, two things can happen:

- **The quality of outcomes drops**, meaning people in Kent receive poorer services. This may lead to greater—and higher cost—needs in the medium-term.
- **The provider picks up the shortfall**. This may initially seem beneficial to KCC, but it creates a risk to organisational sustainability and service continuity. Over time, it also disguises the true costs of achieving long-term change, meaning KCC lacks insight which is essential to good budgeting decisions.

What could a new model of shared responsibility look like?

Finding: KCC and VCSEs need to be transparent about their difficult choices in order to acknowledge the risks and rewards of different contracting decisions.

Several recommendations relating to this finding are covered in detail elsewhere in this report:

- **Engage VCSEs in the design and price of contracts** to ensure they are based on the best insight about the nature and scale of needs and the cost of delivering a quality service.
- **Reframe the role of the commissioner** to one based on partnership, with recognition that mutual understanding will lead to fewer unintended consequences.
- **Develop scoring criteria to reflect the value of achieving long-term outcomes.**

In addition, the VCSE and KCC need to be transparent about their own difficult choices. For KCC, this might include sharing more information about how budgets are set, and the way decisions are made within constraints. For VCSEs, this might include explaining the costs of achieving quality, and not hiding costs to gain competitive advantage. Both parties need to acknowledge the risks and rewards of different contracting structures and specifications to enable joint problem-solving. This can only happen by building trust, so that there is no pressure to hide points of difficulty.

Embracing co-production

Finding: Thinking differently about commissioning, and moving towards a co-produced approach, requires time and resource. This requires strategic buy-in from across KCC.⁶

The reality of stretched budgets, increasing demand, and economic pressure brings an imperative to think differently about achieving outcomes. Greater VCSE involvement in service and contract design could help develop innovative approaches, and manage the risk that budget cuts will lead to poorer outcomes for people in Kent. This would require a fundamental shift in relationships between commissioners and delivery organisations, and so requires a consensus and shared strategic decision between commissioners, elected members, and policy experts.

This shift from commissioner-provider power dynamic to a partnership could create space to design solutions based on a shared understanding of the cost required to deliver at quality, and to draw the maximum benefit from the expertise and strengths of different organisations. It would mark a further step in the evolution from grants, to commissioning contracts, to co-production.⁷ While co-production can be time- and resource-intensive, we heard from peer authorities and national experts that it is essential to achieve the ambition of ‘doing things differently’.

⁶ This research was not designed as a wholesale review of KCC’s commissioning model and alternative approaches. We have endeavoured to articulate this alternative approach, but this has not been researched systematically.

⁷ Co-production here refers to the partnership of KCC and VCSEs. True co-production would involve communities. While VCSEs can be a valuable conduit to communities, this is not the same as hearing the voice of communities directly.

Conclusion

Responsibility for FCR does not lie solely with the commissioner, nor solely with the provider. In addition to the overall budget available, it rests on the skills of the provider organisation; the knowledge and flexibility of the commissioner; the structures of commissioning which incentivise positive provider behaviour; and relationships based on transparency and openness. Relationships need to be fostered by fair, consistent commissioning structures which build on the expertise of the VCSE, enable them to make good decisions based on predictable practices, and support fair access of small providers to the marketplace.

This report shares recommendations for both KCC and its VCSE partners for making improvements within the existing commissioning model. These recommendations would hugely support the VCSE in achieving FCR in contracts and thereby support KCC to manage risks and achieve outcomes for Kent residents. However, the tension remains between KCC's budgetary pressures and the VCSE's drive for achieving long-term outcomes. Tackling this tension requires a more fundamental rethink of the commissioning model, towards equal partnership through co-production.

The motivation of this research is not to protect the VCSE. The aim is to ensure that people in Kent receive the highest quality of service, recognising that the VCSE is an important and sometimes uniquely placed partner in the delivery of those services. In fact, it is this shared goal of delivering positive outcomes for people in Kent which is distinctive to VCSEs. The FCR conversation therefore is about managing a shared risk effectively—the risk of service discontinuity through non-FCR contracts undermining providers' sustainability.

There are important reflections for VCSEs here, and especially for lead contractors. VCSE practices of subsidising services to gain competitive advantage can undercut peers and make it more difficult to make a collective argument about the true costs of delivering a high-quality service. There is a need for frankness from the VCSE in influencing commissioning practices, as well as a need to balance the competitive dynamics of commissioning with collective approaches. If KCC takes the brave decision to explore new models of commissioning, it will need VCSE partners ready to adapt and change, keeping the people of Kent, rather than their individual organisations, at the centre.

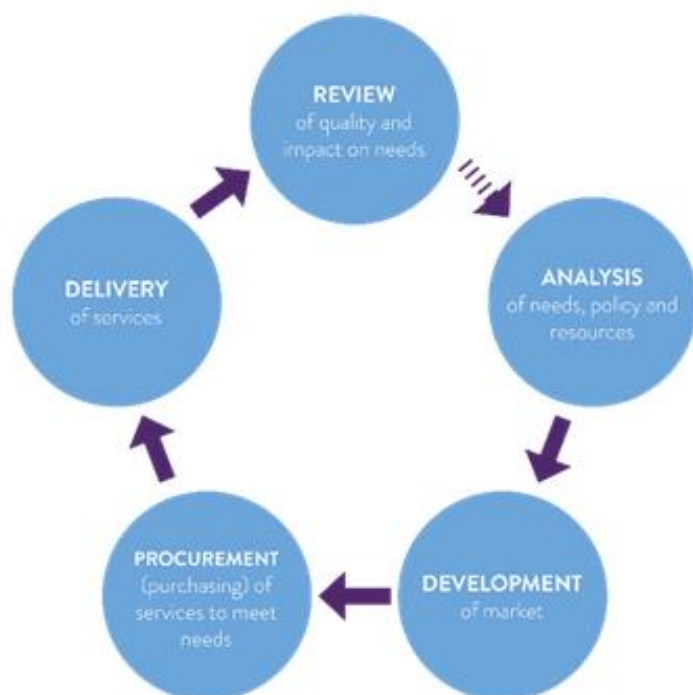
Appendix A: Context and definitions

What are commissioning and procurement?

Procurement is a process through which an organisation buys goods or services from an external partner. Public bodies use procurement to secure a wide array of services, from road maintenance to support for people with complex needs. Procurement exercises are often competitive processes open to prospective providers from different sectors, although other tools are available.

Commissioning refers to a wider process through which services—especially complex ones—are scoped and designed in response to a thorough understanding of needs, before being purchased—with the term ‘procurement’ referring specifically to the buying stage. This process is outlined in the commissioning cycle (Figure 1), which lays out five stages through which a service is designed, the market is developed, and the service is purchased and delivered before being reviewed to learn for the future.

Figure 1: The commissioning cycle⁸



In local authorities, commissioner roles are distinct from procurement roles, and both teams have a role in the way the process is designed, conducted, and experienced by potential delivery partners.

Charities are most often involved in delivering services to support individuals, communities, or places. In some cases, these are statutory responsibilities of a local authority, for example support for

⁸ Image: [NCVO / Knowhow nonprofit](#)

people qualifying for social care; on some occasions these are services previously delivered in-house by the authority. In other cases, non-statutory services have previously been funded through grants to VCSEs, and these relationships are moved onto a contract footing. As NPC has explained in a previous report:

‘When public funders move from grants to a contract model, the formal, legal relationship changes. Under a grant, organisations propose a way to meet the funder’s objectives and funders choose whether to support them. Under a contract, an organisation is legally obliged to deliver a service according to a specification.’⁹

What is the law governing commissioning and procurement?

The Social Value Act of 2013 gives a legal basis to consider non-financial factors in bid scoring and contract awards. The act has been criticised as a ‘tick box’ exercise. It is often used to recognise value-add benefits such as sustainable environmental practices or local employment benefits, rather than to recognise the achievement of long-term outcomes through the core contract specification. Many VCSEs feel the Social Value Act has had little impact in changing the way contracts are awarded.¹⁰

Public Contract Regulations of 2015 is the translation of EU law into UK law. It states that procurement must abide by the principles of equal treatment; non-discrimination; transparency; and proportionality. This legislation underlined the move from awarding contracts based on lowest cost to awards based on *‘Most Economically Advantageous Tender’* or MEAT—a balance of cost and quality.

The current Green Paper, **‘Transforming Public Procurement’**, signals the intent of Government to continue in this direction of recognising the balance of social outcomes and economic value. The stated intention is:

‘To simplify procurement processes and legislation, embed social value in procurement decisions and provide opportunities for small businesses, charities and social enterprises to innovate in public service delivery.’¹¹

⁹ [NPC, Times of change: What grant-makers and philanthropists need to know about public sector commissioning, 2015.](#)

¹⁰ [NPC, State of the sector, 2020.](#)

¹¹ [CIPFA, Unlocking Potential, Realising the role of local charities in public service delivery, 2022.](#)

What is full cost recovery (FCR)?

The National Audit Office Successful Commissioning Toolkit states that:

‘The government and the Compact recognises that:

- *No activity can be undertaken without its provider incurring central administrative costs;*
- *Funders and commissioners have an interest in meeting their fair share of a provider’s central administrative costs because that will help to ensure that the provider can manage its activities and finances properly, and will contribute to the organisation’s sustainability.*

This means that your programme must finance its ‘fair share’ of all providers’ administrative costs... If the provider is a charity, you must not expect it to subsidise the cost of your programme from donations that it receives.

Under procurement, it is up to:

- *The potential **provider** to bid at a **price** that it considers appropriate, taking account of all its costs*
- ***You** [the commissioning authority] to accept (or not) that bid. In deciding this, you must consider whether the potential provider’s proposed price is sustainable. You cannot give preferential treatment to third sector organisations (TSOs). However, as part of good risk management, you must check that any award will provide the degree of continuity of service required by the objectives of the programme.¹²*

Guidance from the Charity Commission indicates that for statutory services—where a government authority is legally required to provide a service with no discretion over the level of provision—a charity provider should expect the governmental authority to meet the full cost. It acknowledges that a charity may choose to subsidise to enhance the level service above that required by law and by the contract specification, if its trustees decide this is a good use of funds.¹³ Generally, funders and commissioners have an interest in meeting their fair share of a provider’s central administrative costs, because this helps ensure that providers can manage their activities and finances effectively and will contribute to the organisation’s overall sustainability.

¹² [The National Audit Office Successful Commissioning Toolkit, Full Cost Recovery, 2011.](#)

¹³ [The National Audit Office Successful Commissioning Toolkit, Full Cost Recovery, 2011.](#)

Appendix B: Financial case studies of VCSEs

How do VCSEs classify ‘direct’ and ‘support’ costs?

The Charity Commission defines ‘direct’ costs as those ‘*which result directly from undertaking the activity*’, while ‘support’ costs ‘*are costs incurred to facilitate an activity*’.¹⁴ Support costs tend to be incurred across multiple activities, while direct costs are incurred from a specific activity. Support costs include ‘back office’ or infrastructure functions that are essential for allowing frontline delivery to operate effectively and at a high standard.

Different VCSEs will have different ways of categorising direct and support costs. This section compares Organisations A, B and C to explore how they categorise these different costs. All figures in this analysis have been rounded to protect anonymity.

Some of the common VCSE costs outlined in this section include:

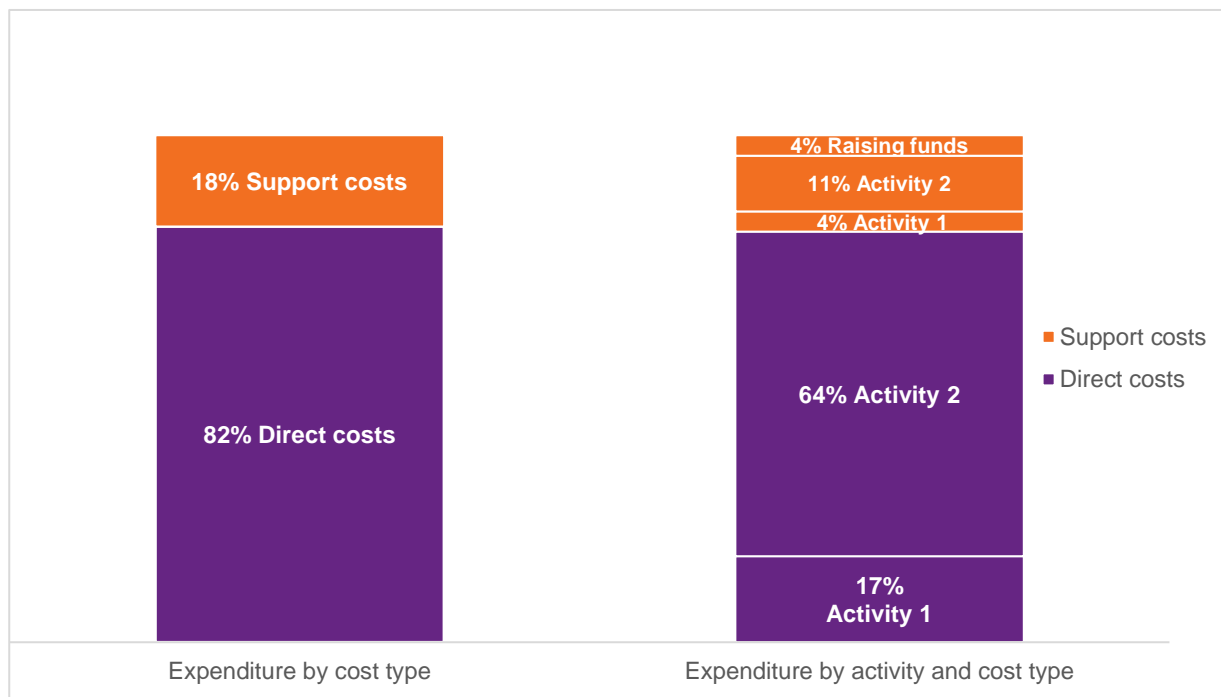
- **Staff costs**, which typically represent the wages and salaries, social security costs, and pension costs of all employees. Other staff-related costs, such as travel, training, and clinical supervision, are typically accounted for separately.
- **Governance costs**, which might include auditing fees, or one-off governance costs for example if an organisation is going through a merger process.
- **Premises costs**, for example room hire or rent needed for service delivery.
- **Office costs**, for example costs for using phones, IT and database systems, and other office equipment.
- **Volunteer costs**, for example volunteer supervision, training, and expenses.

In this section, we have used **purple** to represent direct costs, **orange** to represent support costs, and **pink** to represent combined direct/support costs.

¹⁴ Charities sorp, [*Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland*](#), 2019.

Organisation A

Figure 2: Organisation A's expenditure by activity and cost type.

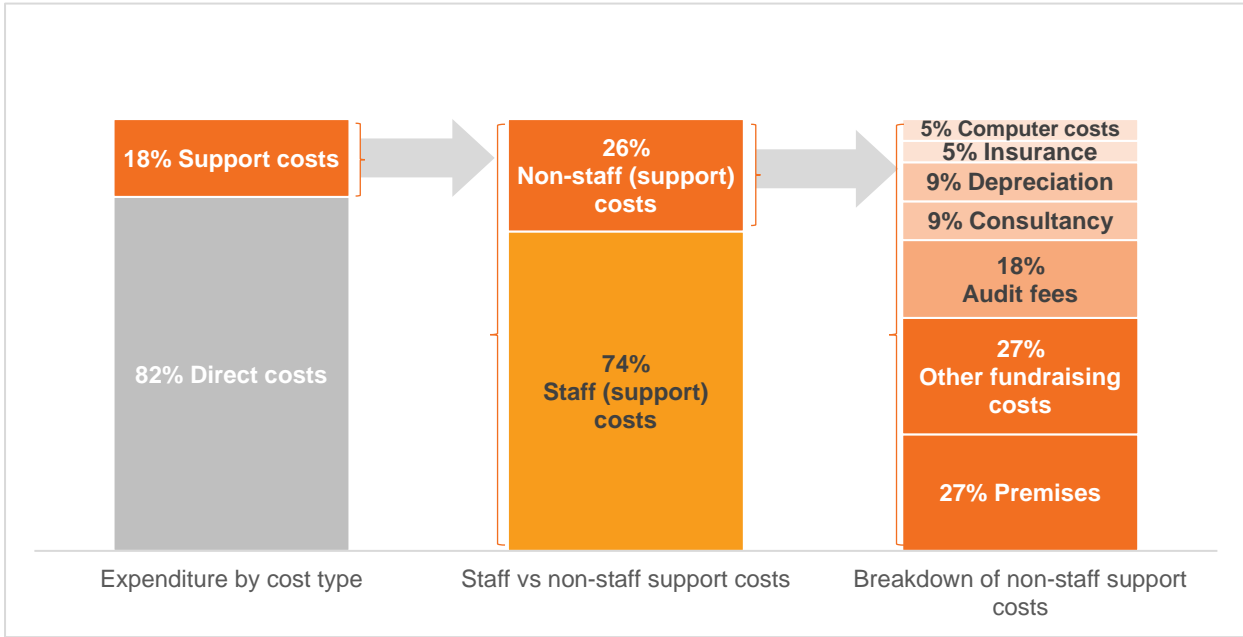


Organisation A's total expenditure for 2020-2021 comprises £1,100,000, of which 82% is direct costs and 18% is support costs. Its direct costs comprise mainly of staff costs (76% of all direct costs), which reflects all staff costs involved in directly delivering its activity programmes. Its direct costs also include:

- Transport expenses (9% of direct costs).
- Premises costs (5%).
- Depreciation (4%).
- Office costs (3%).
- Staff recruitment, travel and training; computer costs; and consultancy fees (total 2%).

Its support costs are again mainly comprised of staff costs (74%), which reflects wider staff costs needed to run the organisation and support delivery. Other support costs for Organisation A are broken down in Figure 3 (excluding <1% comprised of other office costs and other direct costs).

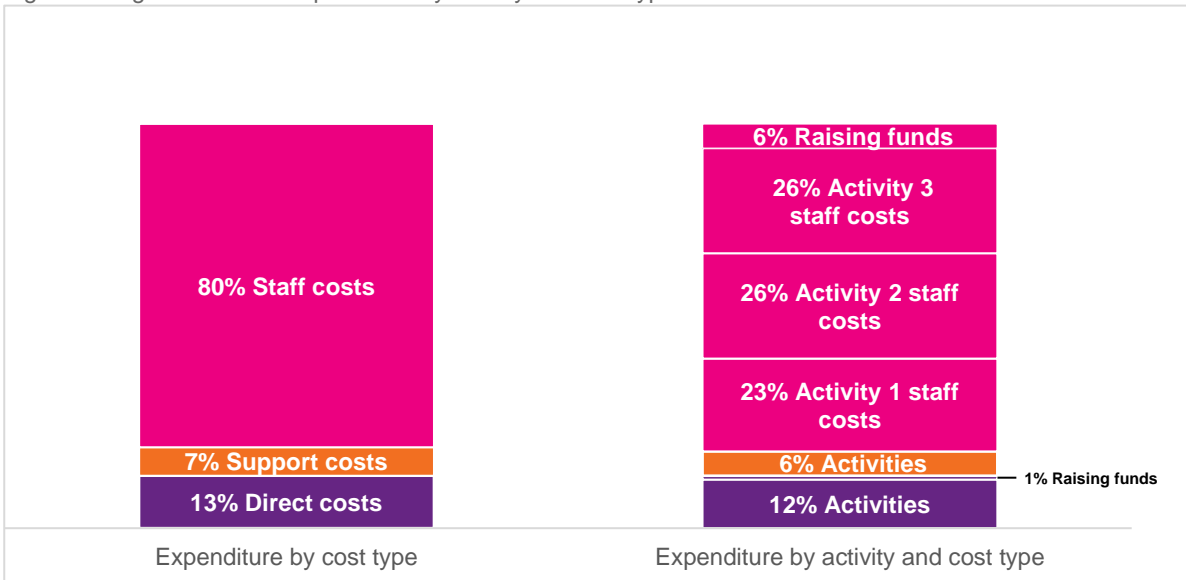
Figure 3: Organisation A's support costs by activity.



Organisation B

Unlike Organisation A, Organisation B has chosen to decouple its staff costs from direct or support costs, and reports on these separately. Overall, Organisation B's total expenditure for 2020-2021 comprises £1,250,000, of which 80% is staff costs, 13% is direct costs and 7% is support costs.

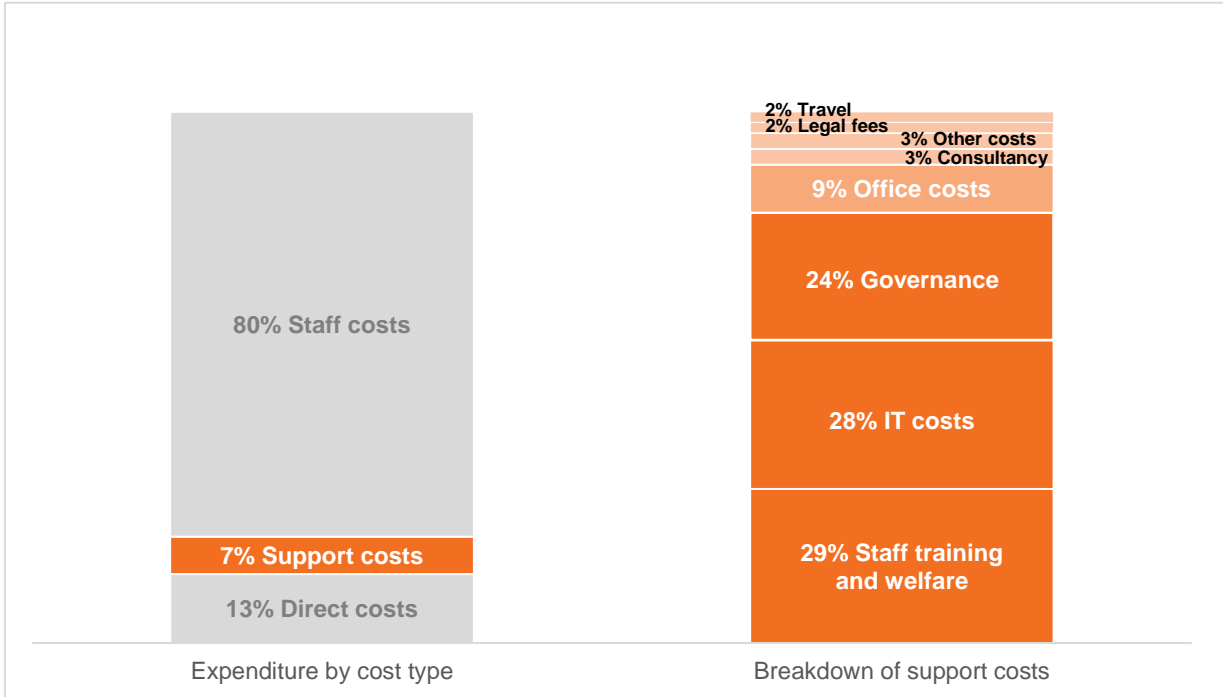
Figure 4: Organisation B's expenditure by activity and cost type.¹⁵



¹⁵ Support costs for raising funds represent <1% of total expenditure and are not represented here.

Organisation B’s direct costs include staff travel, training and supervision; volunteer costs; office costs; and premises costs. These costs are similar to those presented by Organisation A. Similarly to Organisation A, Organisation B’s main support costs are related to staff (Figure 5).

Figure 5: Organisation B’s support costs by activity.



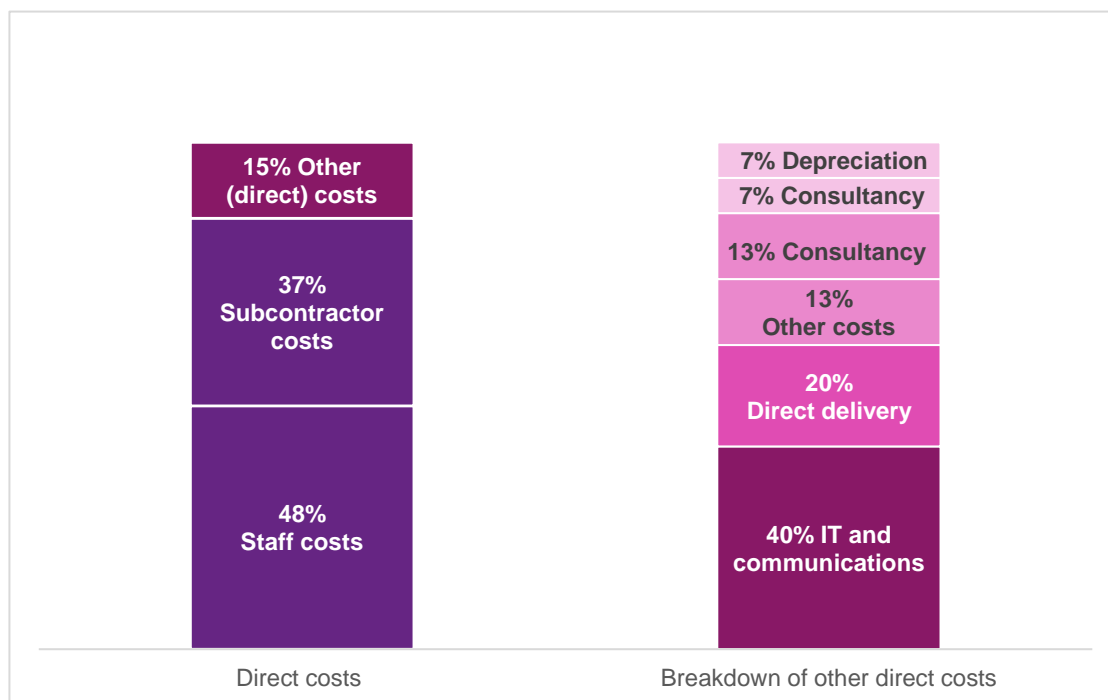
Organisation C

Organisation C’s total expenditure for 2020-2021 comprises £7,000,000, of which >99% is direct costs and <1% is support costs. Unlike Organisations A and B, Organisation C’s support costs includes only governance costs, of which 76% comprises auditing fees.

As with Organisation A, Organisation C’s direct costs mainly comprise of staff costs (48%). As Organisation C holds a lead provider position within certain contracts, its subcontractor costs comprise another 37% of its direct costs.

The remaining 15% of its direct costs are broken down in Figure 6. (This excludes travel costs; printing, postage and stationery; training costs; marketing and development; and other staff costs, which in total combine to 1% of all direct costs). These costs are similar to those presented by Organisations A and B.

Figure 6: Organisation C's direct costs by activity.



Implications

As we can see from analysing these three organisations, there are some common VCSE support costs, such as staff costs, premises costs, and IT costs. Overall, there are a variety of different support costs contributing to quality service delivery, and these can't be easily disentangled; all are equally important. While it can therefore be difficult and counterproductive for commissioners to 'pick and choose' different support costs to fund, it is important to evaluate whether support costs seem proportionate to the size of the VCSE and to its comparative delivery costs. VCSEs also need to make it clear what they categorise as support costs versus direct costs.

What do VCSE income streams look like?

VCSEs finance their charitable activities through a range of different income streams. According to [NCVO's Almanac for 2021](#), the two biggest sources of VCSE income are earned income (47%, e.g. generated through contracts, membership fees, trading, events), and 44% is voluntary (e.g. donations, grants or sponsorship).¹⁶ The largest source of this income is the public (48%), followed by government (28%, including grants and contracts).

¹⁶ UK Civil Society ALMANAC, [Where do voluntary organisations get their money from?](#) 2021.

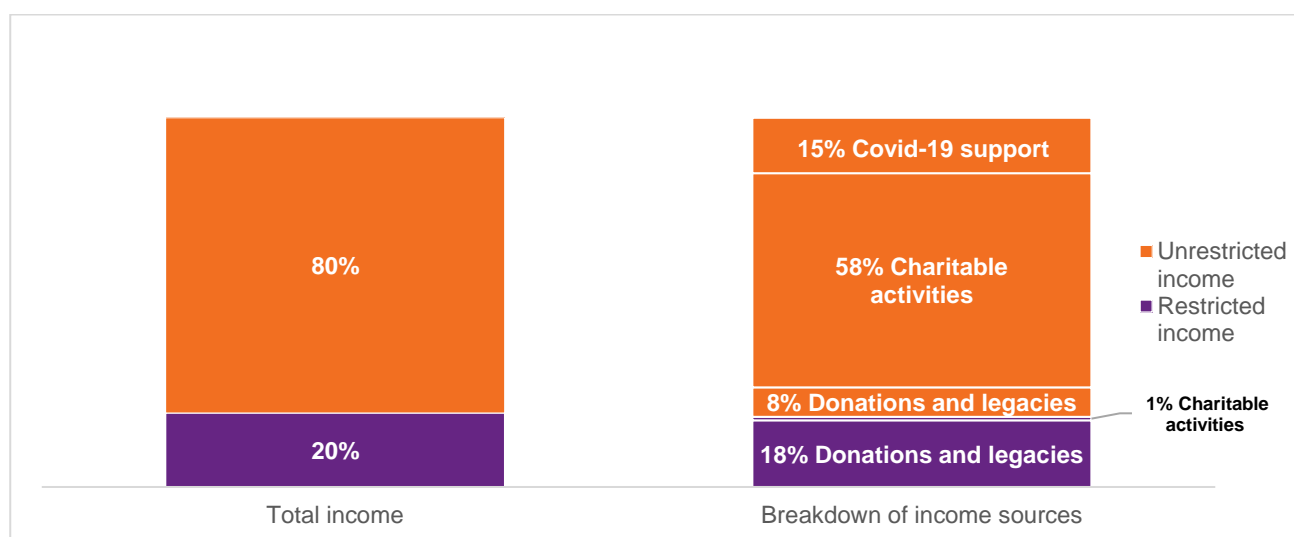
VCSEs receive both restricted and unrestricted income. Restricted income can only be used to finance specified activities, while unrestricted income is more flexible and VCSEs often rely on this to finance the majority of core costs.

This section compares Organisations A, B and C to explore how they are funded.

Organisation A

Organisation A's total income for 2020-2021 comprises 26% in donations and legacies, 59% from charitable activities (i.e. earned income), and a further 15% in Covid-19 specific support. Figure 7 shows the breakdown between these sources in terms of restricted and unrestricted income.

Figure 7: Organisation A's income sources.



Overall, Organisation A's income is comprised of 20% restricted income and 80% unrestricted income. Its biggest source of restricted income was from donations and legacies, which comprised donations from Trusts and Foundations, companies, and some other sources. Around 15% of this money was able to be spent on previously outlined support costs, with 66% spent on previously outlined delivery costs, and the remainder spent on specific equipment.

Organisation B

Organisation B's total income for 2020-2021 (£1,400,000) comprises:

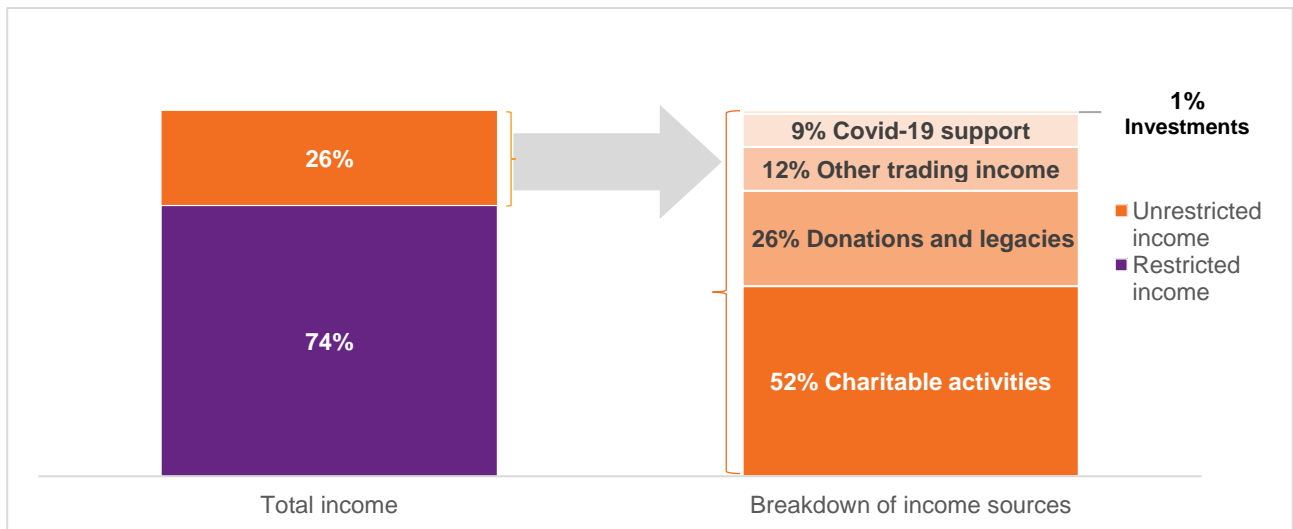
- 8% in donations and legacies.
- 89% from charitable activities.
- 3% in other trading activities, including consultancy work.

- 3% in Covid-19 specific support.
- <1% in investments.

Unlike Organisation A, Organisation B’s main source of income is charitable activities, which mainly comprises money from various Trusts and Foundations as well as commissioned services.

Overall, Organisation B’s income is comprised of 74% restricted income and 26% unrestricted income. Again, this is different to Organisation A, where most funding was unrestricted. This may be because Organisation B’s main source of funding—grants and contracts—is more likely to be restricted than money from donations. Figure 8 shows that Organisation B’s biggest source of unrestricted income was still charitable activities, but this only represents 17% of all charitable activity income.

Figure 8: Organisation B’s income sources.



Organisation C

Organisation C’s total income for 2020-2021 (£7,600,000) comprises:

- 4% in donations and legacies.
- 93% from charitable activities.
- 3% in Covid-19 specific support.
- <1% in investments.

Overall, Organisation C’s income is comprised of 8% restricted income and 92% unrestricted income. 46% of restricted income is from donations and legacies (mainly in the form of fixed

assets, e.g. property), and 54% is from charitable activities income. Organisation C has the highest proportion of unrestricted to restricted income out of the three organisations.

Implications

Ideally, VCSEs want to bring in as much unrestricted income as possible, as this helps to cover core costs and can be used flexibly as circumstances shift. However, this is not often a reality, particularly for VCSEs like Organisation B that have delivery models reliant on grants and contracts. It may also be easier for lead organisations in supply chains, or bigger national organisations, to secure this unrestricted income; they are further removed from frontline delivery and are more likely to have the skills and capacity to secure unrestricted income.

Commissioners should bear in mind that a flexible approach on how money is spent, as well as a flexible approach to reporting requirements, could build capacity in these organisations and ultimately deliver better long-term outcomes.

Does VCSE income cover support costs?

Unrestricted funding is referred to as 'gold dust' in the VCSE sector; for many VCSEs, it can be a challenge to secure the desired level of unrestricted funding to cover support costs. This can lead to VCSEs subsidising activities using several income sources, and in some cases using reserves.

The Charity Commission advises charities to retain a level of unrestricted income as reserves, which the organisation can then use freely to protect itself against any sudden drop in income or to pursue new activities.¹⁷ Charities must have a clear reserves policy, and generally three to six months' reserves is considered a healthy level, though there are reasons an organisation may wish to hold more than this, e.g. in periods of low growth.¹⁸

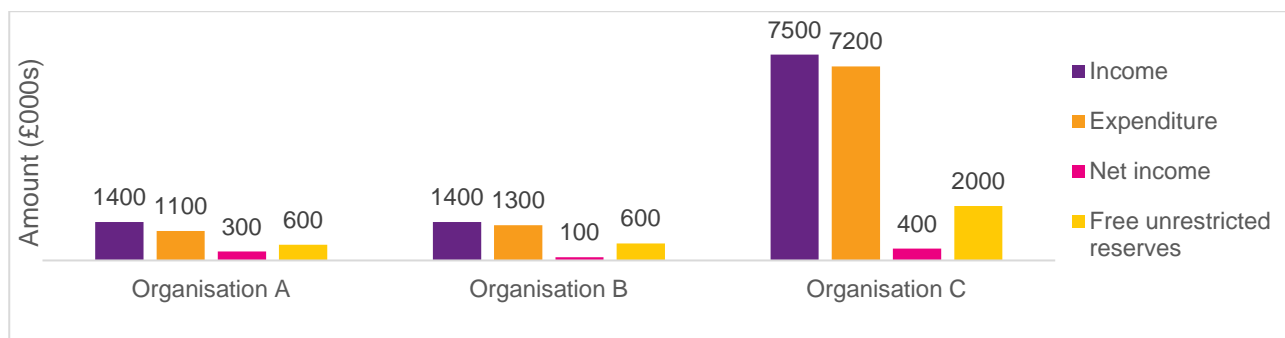
This section compares how income maps onto expenditure across organisations A, B and C.

Does income cover expenditure?

For all three organisations, income covers expenditure, leaving a small amount of net income which can be carried forward as reserves (Figure 9). Organisations A and B ended the year with ~six months of free unrestricted reserves, and Organisation C with ~three months' worth.

¹⁷ Charity commission, [Charity reserves: building resilience](#), 2016

¹⁸ NPC, [Keeping account: A guide to charity financial analysis](#), 2013.

Figure 9: Organisation A, B and C's income, expenditure and net income (£000s).¹⁹

Overall, all three organisations were able to cover their total expenditure. However, for organisations like Organisation A, which had ~£200,000 in support costs, this was sufficiently covered by its unrestricted income. For an organisation like Organisation B, where a higher proportion of its income is comprised of restricted money from grants and contracts, this is more likely to mean the organisation needs to supplement activity support costs with money from fundraising or reserves. While Organisation B only had ~£90,000 of support costs, it also had ~£1,000,000 in staff costs and only ~£400,000 total in unrestricted income. Some staff costs were likely covered by restricted income from grants and contracts, but only where explicitly agreed. For organisations A and B in particular, which did not generate such a high proportion of unrestricted income, the money needed to cover core costs is likely to be spread across several sources of income.

Implications

A single grant or contract may not cover all the costs for a particular activity or service. Likewise, although an organisation may have enough total income to cover its expenditure, this doesn't mean it can easily cover all costs, as this depends on the stipulations about restricted use.

Many organisations, particularly smaller and delivery-focused organisations, need to spread core costs across several sources of income. This can be tricky to manage, as organisations don't know how many successful bids they will submit. These organisations might ask funders or commissioners for more core costs than they 'need' for that particular service, as funding becomes a gamble; if other bids fail, this threatens their ability to deliver, and would require diverting more time and resource from delivery to fundraising in order to supplement income.

¹⁹ Amounts rounded to the nearest £100,000 or £10,000 to protect anonymity.

Appendix C: Case studies of peer authorities

Surrey County Council

Perspective of case study: Strategic lead for Partnerships, Policy and Commissioning; commissioning lead for some VCSE-delivered services, including infrastructure.

What conversations is the authority having with the VCSE about costs in commissioning, especially regarding FCR?

Surrey County Council works hard to ensure value for money, and to ensure that services are commissioned based on need. FCR is not explicitly factored into their current processes, although when talking to and supporting the VCSE, potential bidders are advised to be aware of FCR in putting together their budgets, and to be mindful of their ongoing sustainability. However, one determining factor for choosing to work with the VCSE is because of the added value the sector brings.

Key issues or challenges the authority is trying to address

Surrey County Council is actively thinking about its relationships with and ways of working with the VCSE. It is about to embark on a strategic review of its relationship with the sector to ensure they are being the best partners they can be, and to ensure that the 'right' things are being commissioned in terms of infrastructure that aligns with priorities for the county.

Experiences of the VCSE during Covid-19

Demand on the VCSE significantly increased during Covid-19, and in parallel income revenues were severely disrupted, with challenges around continuing to operate through new means.

The Council's response in supporting the VCSE during this time was robust and thorough. Partly using funding from Central Government and partly ensuring flexibilities to their own procedures, the Council helped to mitigate the impact of Covid-19 on the sector. It was able to provide extra support to the VCSE, for example through small grants to buy equipment, investing in new services such as a bereavement counselling service, and ensuring rental holidays for any organisation

housed in Surrey buildings, alongside flexibilities to contractual obligations. This meant that most VCSE organisations were able to weather the storm during the pandemic.

Looking ahead, there is a challenge as Covid-19 funding comes to an end:

‘We will not have that same level of funding to continue in the same way. These services are likely to still be in high demand, but we won’t be able to fund them anymore... We took action as a result of the pandemic, which has created a different expectation and a potential challenge for some parts of the sector.’

‘The point that we are at now will be telling as some of the Government-led interventions are coming to an end or have already ended. Moving into a recovery and reset period, with additional challenges as people start to feel pinch of impacts of Brexit, Covid-19, inflation and so on, it may have serious impact on the fundraising capability of sector. It could cause some real issues going forward.’

Council practices which support the VCSE in commissioning

- Co-designing and working in collaboration with the sector to shape things and seeing what can be done differently.
- Developing place-based commissioning with residents at the heart of this, in line with the Council’s key priority of *‘empowered and thriving communities’*.
- Adopting a Community Network Approach, encouraging open lines of communication between the Council, partners and communities, and bringing together a range of skills and talents.
- Understanding the assets and strengths of communities and investing in discovering and responding to ‘need’ in creative ways.
- Ongoing use of the [Surrey Compact](#) which outlines six codes of practice around funding, procurement, engagement, equality and diversity, and working with communities.
- Incentivising and fostering partnerships and collaborations. For example, working with private sector suppliers looking at Corporate Social Responsibility and asking what they can do to provide social value. Surrey County Council also has a [social value marketplace](#) which aims to foster relationships between the public and private sector and the VCSE and promote Social Value opportunities based on needs which will most benefit communities.

Essex County Council

Perspective of case study: Head of Strengthening Communities (Public Health Team), but working across teams on voluntary sector commissioning and looking after infrastructure organisations (e.g. community council, parish councils).

What conversations is the authority having with the VCSE about costs in commissioning, especially regarding FCR?

The Strengthening Communities team tries to have open conversations with the VCSE sector about FCR and its model is built on the idea of covering a *'fair and equitable'* proportion of costs to ensure FCR for providers, who are also expected to submit *'reasonable'* costings in bids. Commissioning within Essex uses a guideline 12.5% figure for reasonable overheads within VCSE sector contracts, which is communicated with the VCSE sector. Essex expects this to include a proportionate allocation of costs covering admin, insurance, training, HR, relevant management costs, and so on. Essex expects a granular, transparent breakdown of VCSE budgets when looking at costs, including a full breakdown of management costs involved in running a particular service.

Key issues or challenges the authority is trying to address

The VCSE sector plays a valuable role in shaping the market for commissioning in Essex:

'They're an absolutely integral part of what we do, and a way to do things differently and in some instances more effectively.'

However, the team faces some challenges with consistency from the VCSE sector, where some organisations submit FCR bids and others don't necessarily have the skills to calculate this. To help create a more level playing field, the team takes a proportionate approach, for example by providing smaller VCSEs with microgrants (as opposed to contracts) to support them to develop their infrastructure. On the other hand, larger VCSEs *'that essentially function the same as a businesses'* are held accountable for covering full costs in contract delivery in the same way as private providers. It can be tricky to balance the roles of being supportive and holding VCSEs accountable:

'We're all about being developmental and giving away power and working together. But ultimately I'm also the person that has to hold [organisations] to account when things don't work.'

Essex pushes back on bids that seem to be priced either too low or too high, and works with VCSE providers to give reassurance and feedback during the development process. They also avoid awarding ‘loss leader’ contracts, as this *‘creates instability in the marketplace’*.

Experiences of the VCSE during Covid-19

Essex took a pragmatic approach during Covid-19, recognising that some contracted activities would become undeliverable and others would need to transition to new forms of delivery, such as online delivery. The sector therefore remained well-funded and there were no general issues with inability to deliver against contracts, due to this adaptive approach.

Practices which support the VCSE in commissioning

- **Providing lighter touch microgrants for very small VCSEs**, who cannot compete with larger VCSEs for contracts. This helps smaller VCSEs to grow and become more sustainable, with further support from the local CVS.
- **Offering procurement training** which may be particularly helpful for smaller VCSEs, covering topics such as legal advice, processes and partnerships, and intellectual property.
- **Using a codesign approach and encouraging collaboration between VCSEs**. This includes bringing together VCSEs to identify community needs; identifying relevant partners and getting them together to shape services and identify the best methods for reaching communities; and building relationships and encouraging VCSEs to submit joint bids.
- **Thinking about building long-term social movements, rather than short-term services**. The team recognises that it is not possible to *‘service our way out of’* different community needs, and that to achieve longer-term sustainability and outcomes for communities they need to think about building social movements within communities rather than just procuring services.

Cornwall County Council

Perspective of case study: Commissioning officer at Cornwall Council, working within wellbeing services.

What conversations is the authority having with the VCSE about costs in commissioning, especially regarding FCR?

Due to current budget pressures within Cornwall, Council commissioners have not engaged in conversations with VCSE about FCR. Rather, their focus is on partnership work to further support and develop the VCSE, and value for money with regards to the sector; in particular, methods to discover whether they are achieving value for money for specific projects. Cornwall commissioners see overhead costs as the responsibility of the provider to cover, as included in the funding. Cornwall considers the ability for the VCSE to leverage additional funds in contracts when making contract award decisions: it is a requirement for providers to submit information about the 'added value' they can bring, which includes both social value and financial value in terms of other grants.

Key issues or challenges the authority is trying to address

One challenge for the VCSE in Cornwall is that some of the organisations are too small or simply not in the position to deliver the entirety of a service. Therefore, Cornwall Council is actively encouraging partnership bids from smaller VCSE organisations, and the Council is keen for there to be a collaborative approach within the VCSE in Cornwall rather than a competitive approach. The Council's intention is to have fewer contracts overall going forwards, and instead have bigger contracts which cover a wide range of services.

The commissioners are also aware about the funding challenges within the sector and increased demand for support as a result of the further budget reductions and the pandemic.

Experiences of the VCSE during Covid-19

Early in the pandemic, the VCSE experienced challenges in terms of the financial burden of acquiring PPE and reduced fundraising opportunities. However, as services switched to remote ways of working there were positive impacts of increased access and attendance from beneficiaries at services which switched online. It's possible that a decreased need for office space will also prove to be of benefit to the sector. Overall, the pandemic did not significantly affect VCSE contracts in Cornwall: the local authority worked flexibly to vary contractual arrangements where needed, and services continued to be delivered, albeit in a slightly different way.

Practices which support the VCSE in commissioning

Cornwall Council is in the early stages of launching a commissioning program called '**Provider Collaborative**' which seeks to reduce competition among providers and promote collaboration across the sector, so that more organisations are working together to deliver services in

cooperation. This has developed from the positive impacts achieved from a partnership contract the Council holds for a carer service, with the lead provider model working very well.

Leicestershire County Council

Perspective of case study: Funding Manager, managing a programme of small grants to VCSE organisations.

What conversations is the authority having with the VCSE about costs in commissioning, especially regarding FCR?

As budgets have been squeezed, Leicestershire County Council has found it more difficult to talk about FCR. The Council's expectation is that the provider budgets appropriately to deliver what they can within money available: the responsibility lies with the provider to include what they can within that budget in terms of FCR.

Key issues or challenges the authority is trying to address

In addition to its commissioned services, Leicestershire County Council has, for ten years, maintained a programme of SHIRE Community grants of up to £10,000 which are focused on preventative, community-based interventions, delivered by the VCSE sector.

In terms of commissioned services, the VCSE sector is recognised as a valuable supplier and best placed to bid for certain types of services/contracts. The County Council feels it has a strong VCSE sector and a constructive, positive approach to working with them.

Experiences of the VCSE during Covid-19

Some organisations took a hit to income; especially those who previously generated income through renting rooms, shops, or community cafes. A lot of emergency funding was made available to the VCSE sector via a range of nationally and locally available grants. Leicestershire County Council itself established an emergency funding package for VCSE sector organisations, which awarded 379 grants in 2020-21, totalling £2.6m. The Council felt the sector did well to adapt their service delivery and also benefitted from the emergency funding available.

Corporate commissioning went through each contract to understand the impact of the pandemic on service delivery. There was an understanding that services would not be delivered as initially intended, and there was lots of support and flexibility for organisations to use the money from grants and contracts as they saw fit.

The Council now faces questions about what happens next as demand for the SHIRE Grants programme will be in excess of the available funding and some organisations may be experiencing higher levels of need/demand for their services, as a result of the pandemic. The Council expects to be looking again at how circumstances have changed and what recommissioning looks like as contracts come up for renewal.

Practices which support the VCSE in commissioning

- The focus of the SHIRE grants programme is early intervention and prevention: promoting wellbeing and enabling people to remain independent, with a positive quality of life, within their own homes and communities, thus reducing the need for high-cost public services. Leicestershire is investing in community based non-clinical solutions such as mental health drop ins; counselling/therapeutic support; wellbeing in nature; arts and crafts, gardening; all of which are examples of social prescribing solutions which help to reduce, avoid, delay and prevent the need for more costly solutions. The grants go some way to covering what can't be afforded by commissioners.
- In the interests of promoting more collaborative approaches, the grants team made available grants of up to £25k for partnership projects, but received very few applications.

Appendix D: Methodology

This report was initially commissioned by KCC as an internal report, sharing high-level messages to the VCSE Partnership Board and VCSE Steering Group. The report was shared directly with the Cabinet Member, Leader, Policy Lead, and Head of Commissioning within KCC. It was then decided that the full report should be made publicly available to convey the nuance of the findings.

The primary methodology was structured interviews, using a standard guide based on research questions indicated in the original specification, and developed through consultation with KCC stakeholders and the VCSE Steering Group. Interviewees were identified jointly based on early conversations with KCC, the VCSE Steering Group, and NPC sector knowledge. We selected stakeholders to cover a range of perspectives and experiences. We conducted 41 interviews, including ten KCC stakeholders (including staff and elected members); 21 VCSEs (including lead providers and subcontracted organisations); four peer authorities; five national experts (including infrastructure organisations); and one private sector representative. In addition, we reviewed over 20 key documents—including documents specific to the Kent context, and wider discussions about the voluntary sector in commissioning—using the same research question framework.

Financial case studies (Appendix B) were developed using publicly available financial information and management accounting information shared by three Kent VCSEs. These have been anonymised and financial figures rounded, although proportions of cost are accurate.

This process covered a range of research questions but is far from comprehensive. There are areas where we have uncovered interesting themes and not had an opportunity to unpick these in detail or verify interviewees' interpretations. We have tried to make this clear in the report, but there may be places where we have not had access to important perspectives or nuances.

This has been a rapid research process, with 11 weeks between contract initiation and the presentation of key messages. Our analysis looked at where the views of different stakeholders aligned to assess our confidence in our findings, and to ensure different perspectives are presented. However—by design—VCSEs comprise a higher proportion of research input. We engaged with both KCC and VCSEs in drafting this report, but neither has been invited to respond to findings individually. We acknowledge there may be areas where our findings do not resonate with all partners.

Appendix E: Recommended reading for commissioners

This research has identified a few key documents which may be useful for commissioners as a next step in thinking about the issues of FCR and wider questions about alternative models of commissioning.

Resource	Description
<u>Frank Villeneuve-Smith and Julian Blake, <i>The art of the possible in public procurement</i>, (London: HCT Group, 2016).</u>	Briefing on the Public Contracts Regulations 2015 outlining the flexibility they provide to commissioners to achieve the outcomes they seek for their communities.
<u>Toby Lowe, <i>Creating Outcomes in Complexity</i>, online YouTube recording, 2021.</u>	Presentation from the Centre for Public Impact—a Human Learning Systems approach to how to commission in a way which helps people to create outcomes in their lives.
<u>CIPFA, <i>Unlocking Potential, Realising the role of local charities in public service delivery</i>, 2022.</u>	Report which considers the factors that prevent involvement of charities and voluntary organisations in the provision of public services and the triggers that may now lead authorities to think differently.
<u>Human Learning Systems, <i>Plymouth Alliance for Complex Needs</i>, 2021.</u>	Case study of a human learning systems approach to commissioning.
<u>NPC, <i>Keeping account: A guide to charity financial analysis</i>, 2013.</u>	Guide from NPC outlining charity financial models and useful guidance on charity financial analysis.

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From: Peter Oakford, Deputy Leader
Zena Cook, Corporate Director for Finance
Matt Dunkley CBE, Corporate Director of Children, Young People and Education

To: Cabinet – 16 May 2022

Subject: Procurement Of An E-Voucher Distribution Provider

Decision Number: 22/00045

Key decision: *It affects more than 2 Electoral Divisions and has a value in excess of £1m.*

Classification: Unrestricted

Past Pathway of report: None

Future Pathway of report: None

Electoral Division: All

Summary:

A number of services across KCC have reason to provide Kent families with vouchers/gift cards. Primarily this relates to families in crisis or meeting a specific criteria, such as being eligible for benefits related free school meals. Currently the separate services deliver this support in different ways, either physically purchasing vouchers from a supermarket and giving these to the families, or via a third party provider of electronic vouchers. The intention is to commission a service provider of an electronic voucher distribution solution that can meet the needs of all the services.

Recommendation(s):

Cabinet is asked to:

1. Agree the procurement of an e-voucher distribution service provider via the Crown Commercial Framework RM6255 (Voucher Schemes) to meet the needs of the County Council
2. Delegate authority to the Corporate Director of Finance to take necessary actions, including but not limited to, entering into relevant contracts or other legal agreements, as required to implement this decision.

1. Introduction

- 1.1 The County Council provides a range of support to the residents of Kent who are on low incomes or in financial crisis. This includes financial support to help individuals and families buy essentials, such as white goods, groceries, energy, clothes or basic furniture. On other occasions it is to support a Government initiative, for example distributing supermarket vouchers during school holidays to families whose children ordinarily receive a benefits related free school meal. Through the pandemic period the need for such support has

been significantly higher than pre-pandemic, and demand for support continues to be high.

- 1.2 To date, the separate services in the County Council have made their own arrangements for procuring and distributing vouchers to individuals and families, despite the basic requirements being very similar.
- 1.3 The services involved have come together to consider the collective needs of the Council and whether a single solution can meet these needs. The services involved and summaries of their need for vouchers are:
 - Kent Support and Assistance Service (KSAS) – typically provides up to £1m per annum in financial support to residents in crisis for essentials such as food, energy, clothing, white goods.
 - Integrated Children’s Services (ICS) – annually spends about £200k in Section support to individual young people such as unaccompanied asylum seeking children living in shared accommodation, or families in crisis. Items purchased are similar to KSAS.
 - Refugee Resettlement Service (RRS) – approximately £500k per annum spent on similar items to KSAS and ICS for this specific group of residents.
 - Free School Meals in holiday periods (FSM) – Government grant has been used to issue supermarket vouchers to families of children receiving benefits related free school meals to enable them to feed their children in the school holidays. Spend has increased during the past 15 months and is currently about £800k per week when this is provided. An e-voucher system has been used, in conjunction with schools, to provide this support to approximately 52,000 children on each occasion.
 - Holiday Activities and Food Programme (HAF) – Government grant enables children in receipt of benefits related free school meals to access free holiday clubs and food during Summer, Christmas and Easter school holidays. Providers need to be able to determine who is eligible for free provision. To avoid schools being inundated with requests from providers for confirmation of eligibility, families are issued with an electronic voucher. A booking and tracking system is also used. Spend is approximately £75k per annum.
 - Reconnect – the programme has commissioned bespoke vouchers, for example bus passes for low income families at Christmas, and a Reconnect e-card to enable FSM children to access free and discounted leisure centre provision. As the programme ends on 31 August 2022 the need for further bespoke vouchers is limited, but is currently present. Spend is approximately £20k.
- 1.4 A specification has been agreed which sets out the needs of the different services. As is evident from the summary above, for KSAS, ICS and the Refugee Resettlement Service, the needs are very similar. The scale of HAF, Reconnect and FSM is different, and distribution relies upon schools as they

have the most up to date information on which children receive free school meals and their parents' contact details. However, the basic requirement is the same, to be able to send electronically a voucher to a resident.

2. Proposal

- 2.1 It is proposed that the County Council procures a single service provider of e-vouchers, using the Crown Commercial Framework RM6255 (Voucher Schemes) as the procurement route. This framework lists 11 suppliers of e-vouchers. The agreed specification has been compared to the company prospectuses on the framework portal to establish which companies potentially offer a suitable solution and a procurement exercise will be completed in line with the requirements of the framework.
- 2.2 It is important to note that this paper relates solely to the intention to procure a service provider to enable the County Council to issue e-vouchers to individuals and families. It does not relate to, nor seek funding for, the costs of the vouchers issued by the individual services or any policy decisions in respect of whether these services should provide such support and the criteria for that. Such decisions either have been made by the relevant decision maker utilising the relevant budget or will be presented to the relevant decision maker for deliberation as the need arises.
- 2.3 The timetable for procurement is being driven to ensure that should a decision be made to issue FSM during summer 2022 the Council has a provider in place to implement this. This currently assumes the procurement process is completed with contracts signed by 22 June 2022. Until the procurement process is complete it is not known what mechanism the provider would use to deliver this requirement or the role of schools in this. As summer term ends 27 July 2022 time is needed to communicate any changes, enable the provider to "onboard" schools, and allow schools to take any action necessary.

3. Legal Implications

- 3.1 In awarding a contract for the operation of an e-voucher scheme, the County Council is required to comply with the procurement regime which is set out in the Public Contracts Regulation 2015. These Regulations require the County Council to follow certain procedures to demonstrate open and fair competition before entering such contracts for services. Frameworks such as the Crown Commercial Services Framework RM6255 (Voucher Schemes), are one such compliant procedure. In this case the Crown Commercial Service (part of the Cabinet Office) has run a procurement process to pre-procure a selection of companies who are capable of providing this service. By running a "mini-competition" procurement exercise between those pre-procured companies in accordance with the framework's rules, the County Council will fulfil its obligations under the procurement regime.

4. Financial Implications

4.1 In procurement terms, the expected value of the contract includes both any fees/costs made to the provider for delivering the service, together with the face value of the vouchers provided. The contract value may vary significantly, for example depending on whether FSM vouchers are or are not provided in holiday periods. Critically, there will be no obligation or requirement to put expenditure through the contract, but it provides the mechanism to do so should the Council need to.

4.2 The estimated contract value needs to represent the estimated maximum value that might reasonably be foreseen. This appears significant because the face value of vouchers is included when calculating the estimate value and accordingly requires a key decision. That said, it is anticipated the cost of providing the service (i.e. the payment retained by the service provider) will, at most, be a very small percentage of this sum. To illustrate this the current arrangements are below:

Service	Solution	Charging base	Face value of vouchers (pa)	Current annual cost of service
KSAS	Pay Point/ Gift vouchers	Face value	£1m	£5k
ICS	Spot purchase	Pay face value of voucher only	£200k	£0
RRS	Spot purchase	Face value	£500k	£5k
FSM	Wonde's e-vouchers.com	Pay face value of voucher only	£10.4m	£0
HAF	Wonde's e-vouchers.com	Price per voucher issued	£0	c £75k
Reconnect (bespoke vouchers)	Wonde's e-vouchers.com	Price per voucher issued	£0	c £20k
Total				£105k

4.3 The cost to deliver/administer vouchers to residents currently is contained within the budgets of the services that do so. In many cases much of this is staff time. An e-voucher system will reduce the time some staff spend purchasing and distributing vouchers to residents and will reduce transaction costs. Having a single system with staff in different services able to use it also supports business continuity across the Council.

4.4 The procurement of a single service provider is not expected to create a budget pressure for the County Council. It is anticipated any costs associated will be met within existing service budgets. Until the procurement process has been completed and the charging framework of the preferred provider is known it is not possible to set out precisely how this will operate between services. However, it is most likely to be that each service has a budget code with the provider to which the costs of their vouchers is charged, which will cover face value and any unit charge for issuing these. The most significant unknown cost is mobilisation and onboarding.

4.5 It is expected that the service provider will be able to agree different payment terms for different aspects of the service provided. For example, if FSM vouchers are provided to families in summer 2022 the cost would be circa £4.8m and any provider is likely to need funds up front or in rapid payment terms, whereas the more general distribution of vouchers is likely to be payment in arrears. The final payment arrangements will be negotiated during the procurement process, and any changes for individual services worked through with them and Corporate Finance.

5. **Equalities implications**

5.1 The procurement of an e-voucher provider is an enabling commission. It does not make any policy decision regarding whether vouchers will be provided by the Council or to whom. Neither does the ability to issue an e-voucher determine that this will be the sole route to deliver support to recipients. Services will continue to be able to make alternative arrangements, for those in need who do not have access to digital technology to receive and use an e-voucher, or where there are other concerns that this would not be an appropriate route through which to provide support.

6. **Governance**

6.1 Cabinet is asked that delegated authority is given to the Corporate Director of Finance to take necessary actions, including but not limited to, entering into relevant contracts or other legal agreements, as required to implement this decision.

7. **Alternatives considered**

7.1 In October 2020 the County Council decided to provide supermarket vouchers to FSM families. This pre-dated any Government decision to make this support available. On that occasion families needed to apply and we sought to check their eligibility. While this support was delivered in an incredibly tight timescale, the application process meant we reached about 50% of eligible families. In December 2020 a different in-house approach was adopted with schools able to issue vouchers directly and invoice KCC or for KCC to deal directly with the families. This proved to be very time consuming for staff. Since February 2021 a service provider has been used. This has proved extremely efficient both in staff time and financially, with the provider resolving school and parental queries. We have had virtually no complaints utilising this system. The alternative to using a provider for this aspect of service is to ask schools to purchase and distribute vouchers themselves and invoice the County Council. This would be a retrograde step for this aspect of service delivery.

7.2 Other services are clear that their current arrangements could be improved upon by using a third party provider, reducing risk, staff time, and potentially cost.

7.3 Other procurement frameworks have been considered. The Crown Commercial Service Framework provides a selection of providers which

should ensure the Council's needs can be provided for, in an efficient way. Other frameworks do not contain the range of providers.

8. Conclusions

- 8.1 The collective view of the services that provide vouchers to families is that an e-voucher solution would improve and streamline their processes. They have agreed a single Council-wide specification, which it is expected could be delivered by a provider. The procurement of a service provider places no obligation on the Council to buy a specific volume of vouchers, but provides a solution to do so should the Council decide it needs to do so. The costs of procuring and implementing the solution is within existing budgets.

9. Recommendation(s):

9.1 Cabinet is asked to:

1. Agree the procurement of an e-voucher service provider via the Crown Commercial Framework to meet the needs of the County Council
2. Delegate authority to the Corporate Director of Finance to take necessary actions, including but not limited to, entering into relevant contracts or other legal agreements, as required to implement this decision.

10. Background Documents

None

11. Contact details

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KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Cabinet

DECISION NO:

22/00045

For publication [Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]

Key decision: YES

Key decision criteria. The decision will:

- a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or
- b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:
 - the adoption or significant amendment of major strategies or frameworks;
 - significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.

Subject Matter / Title of Decision

Procurement Of An E-Voucher Distribution Provider

Decision:

Cabinet agree to:

- 1) the procurement of an e-voucher distribution service provider via the Crown Commercial Framework RM6255 (Voucher Schemes) to meet the needs of the County Council
2. delegate authority to the Corporate Director of Finance to take necessary actions, including but not limited to, entering into relevant contracts or other legal agreements, as required to implement this decision.

Reason(s) for decision:**1. Introduction**

- 1.1 The County Council provides a range of support to the residents of Kent who are on low incomes or in financial crisis. This includes financial support to help individuals and families buy essentials, such as white goods, groceries, energy, clothes or basic furniture. On other occasions it is to support a Government initiative, for example distributing supermarket vouchers during school holidays to families whose children ordinarily receive a benefits related free school meal. Through the pandemic period the need for such support has been significantly higher than pre-pandemic, and demand for support continues to be high.
- 1.2 To date, the separate services in the County Council have made their own arrangements for procuring and distributing vouchers to individuals and families, despite the basic requirements being very similar.
- 1.3 It is proposed that the County Council procures a single service provider of e-vouchers, using the Crown Commercial Framework RM6255 (Voucher Schemes) as the procurement route. This framework lists 11 suppliers of e-vouchers. The agreed specification has been compared to the company prospectuses on the framework portal to establish which companies potentially offer a suitable solution and a procurement exercise will be completed in line with the requirements of the framework.

- 1.4 This decision is solely to procure a service provider to enable the County Council to issue e-vouchers to individuals and families. It does not relate to, nor seek funding for, the costs of the vouchers issued by the individual services or any policy decisions in respect of whether these services should provide such support and the criteria for that. Such decisions either have been made by the relevant decision maker utilising the relevant budget or will be presented to the relevant decision maker for deliberation as the need arises.
- 1.5 The timetable for procurement is being driven to ensure that should a decision be made to issue FSM during summer 2022 the Council has a provider in place to implement this. This currently assumes the procurement process is completed with contracts signed by 22 June 2022. Until the procurement process is complete it is not known what mechanism the provider would use to deliver this requirement or the role of schools in this. As summer term ends 27 July 2022 time is needed to communicate any changes, enable the provider to “onboard” schools, and allow schools to take any action necessary.

2. Legal Implications

- 2.1 In awarding a contract for the operation of an e-voucher scheme, the County Council is required to comply with the procurement regime which is set out in the Public Contracts Regulation 2015. These Regulations require the County Council to follow certain procedures to demonstrate open and fair competition before entering such contracts for services. Frameworks such as the Crown Commercial Services Framework RM6255 (Voucher Schemes), are one such compliant procedure. In this case the Crown Commercial Service (part of the Cabinet Office) has run a procurement process to pre-procure a selection of companies who are capable of providing this service. By running a "mini-competition" procurement exercise between those pre-procured companies in accordance with the framework's rules, the County Council will fulfil its obligations under the procurement regime.

3. Financial Implications

- 3.1 In procurement terms, the expected value of the contract includes both any fees/costs made to the provider for delivering the service, together with the face value of the vouchers provided. Values may vary significantly, for example depending on whether FSM vouchers are or are not provided in holiday periods. Critically, there will be no obligation or requirement to put expenditure through the contract, but it provides the mechanism to do so should the Council need to.
- 3.2 The estimated contract value needs to represent the estimated maximum value that might reasonably be foreseen. This appears significant because of the face value of vouchers is included and accordingly requires a key decision, but it is anticipated the cost of providing the service will, at most, be a very small percentage of this sum. To illustrate this the current arrangements are below:

Service	Solution	Charging base	Face value of vouchers (pa)	Current annual cost of service
KSAS	Pay Point/ Gift vouchers	Face value	£1m	£5k
ICS	Spot purchase	Pay face value of voucher only	£200k	£0
RRS	Spot purchase	Face value	£500k	£5k
FSM	Wonde's e-vouchers.com	Pay face value of voucher only	£10.4m	£0
HAF	Wonde's e-vouchers.com	Price per voucher issued	£0	c £75k

Reconnect (bespoke vouchers)	Wonde's e- vouchers.com	Price per voucher issued	£0	c £20k
Total				£105k

- 3.3 The costs to deliver/administer vouchers to residents currently is contained within the budgets of the services that do so. In many cases much of this is staff time. An e-voucher system will reduce the time some staff spend purchasing and distributing vouchers to residents and will reduce transaction costs. Having a single system with staff in different services able to use it also supports business continuity across the Council.
- 3.4 The procurement of a single service provider is not expected to create a budget pressure for the County Council. It is anticipated any costs associated will be met within existing service budgets. Until the procurement process has been completed and the charging framework of the preferred provider is known it is not possible to set out precisely how this will operate between services. However, it is most likely to be that each service has a budget code with the provider to which the costs of their vouchers is charged, which will cover face value and any unit charge for issuing these. The most significant unknown cost is mobilisation and onboarding.
- 3.5 It is expected that the service provider will be able to agree different payment terms for different aspects of the service provided. For example, if FSM vouchers are provided to families in summer 2022 the cost would be circa £4.8m and any provider is likely to need funds up front or in rapid payment terms, whereas the more general distribution of vouchers is likely to be payment in arrears. The final payment arrangements will be negotiated during the procurement process, and any changes for individual services worked through with them and Corporate Finance.

4. **Equalities implications**

- 4.1 The procurement of an e-voucher provider is an enabling commission. It does not make any policy decision regarding whether vouchers will be provided by the Council or to whom. Neither does the ability to issue an e-voucher determine that this will be the sole route to deliver support to recipients. Services will continue to be able to make alternative arrangements, for those in need who do not have access to digital technology to receive and use an e-voucher, or where there are other concerns that this would not be an appropriate route through which to provide support.

5. **Conclusions**

- 5.1 The collective view of the services that require provide vouchers to families is that an e-voucher solution would improve and streamline their processes. They have agreed a single Council-wide specification, which it is expected could be delivered by a provider. The procurement of a service provider places no obligation on the Council to buy a specific volume of vouchers, but provides a solution to do so should the Council decide it needs to do so. The costs of procuring and implementing the solution is within existing budgets.

6. **Data Protection implications**

- 6.1 A Data Protection Impact Assessment is in place for this decision.

The Committee consider the decision on (date)

This decision will be reported to the Policy and Resources committee at its next meeting.

Any alternatives considered and rejected:

- 7.1 In October 2020 the County Council decided to provide supermarket vouchers to FSM families. This pre-dated any Government decision to make this support available. On that occasion families needed to apply and we sought to check their eligibility. While this support was delivered in an incredibly tight timescale, the application process meant we reached about 50% of eligible families. In December 2020 a different in-house approach was adopted with schools able to issue vouchers directly and invoice KCC or for KCC to deal directly with the families. This proved to be very time consuming for staff. Since February 2021 a service provider has been used. This has proved extremely efficient both in staff time and financially, with the provider resolving school and parental queries. We have had virtually no complaints utilising this system. The alternative to using a provider to for this aspect of service is to ask schools to purchase and distribute vouchers themselves and invoice the County Council. This would be a retrograde step for this aspect of service delivery.
- 7.2 Other services are clear that their current arrangements could be improved upon by using a third party provider, reducing risk, staff time, and potentially cost.
- 7.3 Other procurement frameworks have been considered. The Crown Commercial Service Framework provides a selection of providers which should ensure the Council's needs can be provided for, in an efficient way. Other frameworks do not contain the range of providers.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: None

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signed

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date