

By: Graham Gibbens, Cabinet Member for Adult Social Care and Public Health

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To: Adult Social Services and Public Health Policy Overview and Scrutiny Committee – 7 July 2011

Subject: **RELATIONSHIP WITH THE VOLUNTARY SECTOR**

Classification: Unrestricted

Summary: To brief Members on the pressures causing changes to the relationship between adults social care and the voluntary and community sector in Kent.

Introduction

1. (1) The Council highly values the work of the voluntary sector in Kent in supporting vulnerable adults to remain independent. Approximately £15.5m is currently spent by Families & Social Care in the voluntary sector through Grants. This funding supports day care, carers, short breaks, information and advice, volunteer and a broad range of early intervention and preventative services. In addition, significant funds are awarded to the voluntary sector organisations with charitable status through a contract tender process.

(2) The purpose of this paper is to inform Members of the implications of legislation and policy, European, national and local, that require a redefinition of the relationship between KCC and the voluntary sector.

Legal and Contractual Context

2. (1) In 2007 the Council introduced 3 year Service Agreements, in line with the newly introduced Kent Compact. Those agreements, together with the Compact, provided voluntary sector organisations with clear and formal terms and conditions and specifications. However, the Service Agreements were intended as an interim measure only as they did not fully meet legal requirements. Whilst performance reviews were robust in certain instances, they were not uniformly carried out and the allocation of the funding was largely historical, rolled forward from year to year, and outside of any competitive bidding or tendering processes.

(2) Current European legislation requires the Council to award grant funding that offers value for money through a fair transparent process. Generally speaking this approach has been adopted. By the beginning of 2011 commissioners were beginning to use a bidding process as a way of meeting legal requirements. New grants are awarded through an electronic application form on kent.gov.uk which ensures that organisations have equitable access to funding. It is now planned to introduce bidding processes through the South East Business Portal.

(3) The Council's traditional practice of awarding grants and service agreements year on year has been challenged. State Aid Regulations aim to ensure fair competition and a single common market, avoid providing advantage to an organisation without competitive processes, and ensure processes and plans do not distort competition.

(4) Of late, there are several instances where time limited six month grants have been issued in order to confirm availability of budget, and/or to develop commissioning strategies and, where law necessitates, to put these agreements onto a contractual footing.

(5) Mandatory considerations as to the way forward as per the State Aid Regulations include:

- Funding allocated by all State resources in excess of €200k (for 3 years)
- Funding that confers an advantage to an organisation without a competitive process
- Funding that has the potential to distort competition
- Funding that affects Member States intra-trade.

Strategic Commissioning

3. (1) Strategic commissioners are working closely with Legal and Procurement colleagues to take into account the above considerations.

(2) Further, emerging commissioning strategies are focusing scarce resource on priority services and where appropriate that these be available county wide. Strategies are also likely to focus resources and services to targeted geographical or service groups.

Implications and Risks

4. (1) The implications are far reaching and have arisen at a time of significant budget constraint and organisational change. Commissioning strategies are developing and service focused dialogue is taking place with voluntary and community sectors.

(2) The current situation gives rise to a number of risks in addition to the legal risks highlighted above.

(3) Competitive contracting and realignment of priorities within strategic commissioning plans may lead to changes in the voluntary sector in Kent. There can be no guarantee that contracts will be awarded to traditional providers and commercial or out of county businesses may be successful in their tenders. Focus on service or client priorities means that funding may shift amongst organisations.

Conclusion

5. (1) The current pressures indicate significant changes in the voluntary sector over the next few years in response to legal, contractual, budget and strategic pressures and priorities. The changes mean that the past relationship with the voluntary sector can no longer continue in its current form. Voluntary sector organisations are largely aware of this and their response is as diverse as the organisations themselves. Bold Steps offers some support to voluntary sector organisations in the form of financial support through the Big Society Fund, and assistance in tendering for contracts. Further, some volunteer organisations are taking strong early steps to shape their future in response to the changing times.

Recommendation

6. (1) Members are asked to:
- (a) NOTE the changes in regulations and the possible impact on the relationship between adult social care and the voluntary and community sector, and
 - (b) COMMENT on the changes and the implications.

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Background documents: None