

From: Paul Carter, Leader of the Council and Cabinet Member for Business Strategy, Audit and Transformation and Commercial and Traded Services

Andrew Ireland, Corporate Director, Social Care, Health and Wellbeing

To: Adult Social Care and Health Cabinet Committee – 12 July 2016

Decision No: **16/00051**

Subject: Re-commissioning of Infrastructure Support to the Voluntary and Community Sector

Classification: Unrestricted

Past Pathway: Social Care Health and Wellbeing Directorate Management Team Meeting – 6 April 2016
Corporate Management Team – 25 April 2016
Commissioning Advisory Board – 6 July 2016

Future Pathway: Cabinet Member decision

Electoral Division: All

Summary: This report proposes to re-commission infrastructure support to the voluntary and community sector (VCS) to ensure that it responds to the sector's needs, delivers the aspirations of the VSC policy and is sustainable in the longer term, whilst building collaboration across the sector.

Recommendations: The Adult Social Care and Health Cabinet Committee is asked to consider and endorse or make a recommendation to the Leader and Cabinet Member for Business Strategy, Audit and Transformation and Commercial and Traded Services on the proposed decision to:

- 1) Confirm that the current grant funding arrangements to Local Infrastructure Organisations will end;
- 2) Procure and award a new contract that meets the outcomes identified in section 4.2 of this report and commences from January 2017; and
- 3) Delegate authority to the Corporate Director of Social Care, Health and Wellbeing, or other nominated officer, to undertake the necessary actions to implement this decision.

1. Background

- 1.1 There are approximately 3,300 voluntary and community sector (VCS) organisations in Kent. Of these, the majority are small organisations with an annual income of less than £500k.

1.2 Kent County Council's VCS Policy commits the Council to supporting the VCS in Kent. It sets out the principles which will underpin future support to the sector, but recognises the need to review the current model of support.

2. Current Support to the Sector

2.1 Current infrastructure support to the sector is delivered through Local Infrastructure Organisations (LIOs). These are voluntary sector organisations whose purpose is to provide guidance, training and support to VCS organisations.

2.2 In Kent, LIOs consist of 10 volunteer centres (VC), five Councils for Voluntary Services (CVS) and a handful of independent organisations such as KentCAN, Action for Communities in Rural Kent and Funding for All.

2.3 Identified issues with the current model of support are:

- Consultation with the sector indicates that they need support with a range of issues, including networking, identifying and bidding for funding and developing plans for longer-term sustainability, as well as support with more pragmatic issues such as DBS checks for volunteers, and recruiting trustees.
- CVS support mainly small organisations but there is a lack of consistency to the type or quality of support offered across the county.
- Volunteer centres are not consistently meeting the needs of all groups of people who want to volunteer, either formally or informally, in their communities.
- The majority of LIOs are also providers of direct services and, as such, are perceived as competition by the organisations they are there to support.
- The sector values opportunities to network with other organisations, and this is not available consistently or regularly across the county.
- Funding to LIOs is awarded on an annual basis and longer-term funding would enable organisations to plan their business better and invest in service development.

3. Financial Implications

3.1 The Adult Social Care and Public Health current investment (2016-17) in annual grants to volunteer centres and CVS for their core infrastructure function is £615,291. These would end in order to finance the new contract.

3.2 The overall value of the proposed contract would be £1,500,695 for the first three years, with projected savings over the life of the contract of £166,744.

3.3 The contract will diminish in value by 10% each year, to support the sector move towards a self-sustaining model.

4. Delivering Outcomes

4.1 A cross directorate group of officers has noted the issues identified with the current offer of support, and the findings of the VCS policy consultation, and has considered other local authority models to identify a proposal for the future of infrastructure support to the VCS.

4.2 Three primary outcomes, which are in line with the outcomes of the policy, have been developed through a co-design process with the current market. These are:

- Business Support Outcomes: Kent's voluntary sector is supported to grow and develop, enabling local residents to enjoy a good quality of life, and more people to benefit from greater social, cultural and sporting opportunities.
- Volunteering and Social Action Outcomes: Volunteering is regarded as a valuable opportunity for individuals to contribute to their community and is accessible to all, regardless of their skills or time capacity.
- Strategic Outcomes: Voluntary sector organisations are well informed and understand the priorities of Kent County Council, as set out in the Strategic Statement.

4.3 It is clear from the policy consultation that the current model of annual grant awards is unsustainable, not delivering what the market needs and is not in a position to meet the above outcomes.

4.4 The proposal is to re-commission this support to provide a consistent offer of infrastructure support to the VCS sector across the county.

4.5 Infrastructure providers have welcomed this proposed change.

5. Contracting Model

5.1 Review of the market indicates that a single organisation would be unlikely to be able to deliver a countywide contract without entering into a partnership arrangement with other providers. (The current infrastructure market consists of organisations of varying size, geographical focus and a history of partnership working.)

5.2 In order to encourage partnerships between organisations that can deliver all of the outcomes in a collaborative way, three contracting types have been discussed with potential providers. These are:

- Option 1: Key Strategic Partner (KSP): The KSP is the contract holder and works with a countywide delivery network to provide services which meet the outcomes identified. The KSP would take management costs and, given the low value of the contract, this would mean money being diverted away from direct support to VCS organisations.
- Option 2: Framework: This model would set up a framework contract for all providers wanting to deliver services that meet the outcomes. This model allows beneficiary organisations to receive bespoke support, but reduces the overall number of organisations that can benefit from the support.
- Option 3: A contract-based on Alliance contracting principles: The model invites tenders from providers, who work together based on alliance contracting principles in which each partner is equal and there is one performance framework, aligned objectives, shared risks and success, judged on performance, and a collective overall accountability to deliver outcomes. Sub-contracting would be encouraged in order to meet outcomes.

5.3 These models have been shared with the current market as part of market engagement. There were mixed views about which model was best, with

most organisations preferring an Alliance or Strategic Partner model, and recognition that subcontracting would still be important.

- 5.4 However, all organisations were in agreement that the model of support commissioned must be the model which offers the best opportunity to deliver the outcomes for the benefit of recipient voluntary sector organisations, not a model that is designed to sustain current providers.
- 5.5 Analysis of the feedback by the County Council saw greatest strengths in the Alliance model. Based on this the preferred option is option 3.

6. Proposal Model of Infrastructure Support to the VCS Sector

- 6.1 The proposal is that a new contract is tendered that meets the outcomes and upholds the County Council commitment of support to the VCS, identified within the VCS policy.
- The model will be based on Alliance contracting principles
 - The contract will be for a countywide service (one lot) and the contract will be for three years (plus two, optional, one-year extensions) at a diminishing value of 10% per year of the contract.
 - Beneficiaries of the service will include voluntary and charity sector providers within Kent. However, the contract will focus on subsidising support for organisations with an income of under £500k.
 - The contract will retain an emphasis on local knowledge and presence, including a focus on volunteering more generally as a mechanism to promote and enable social action and community development.
 - The new contract will be called Strengthening Community Organisations in Kent. This avoids ambiguity around the meaning of Infrastructure.
 - It is proposed that the procurement process begins on 1 August 2016, and that contracts are awarded mid-October 2016. The contract will start on 1 January 2017.

7. Equality Implications

- 7.1 An Equality Impact Assessment has been completed to consider the impact of this on individuals with protected characteristics. It has concluded that any negative impact on individuals with protected characteristics will be minimal as this funding is not used to deliver services directly to individuals, but rather to provide support to organisations that may provide support directly to people. Conversely, improvements in the type and quality of support provided to VCS organisations through the proposed contract may have an indirect positive impact on people using the support the recipient organisations provide.

8. Conclusions

- 8.1 Support to VCS organisations is currently provided by disparate local CVS and volunteer centres that are partly funded by Public Health and Adult Social Care. The current funding does not support the longer-term sustainability of the recipient organisations and the type and quality of support provided varies across the county.
- 8.2 The proposal in this report will provide organisations with a clear commitment from the County Council over three (possibly five) years,

enabling providers to develop their business model and leverage additional funding. An alliance type contract will help to foster collaboration, support the County Council's strategic relationship with the sector and ensure a consistent offer of support to VCS organisations across the county.

9. Recommendation(s)

Recommendation(s): The Adult Social Care and Public Health Cabinet Committee is asked to consider and endorse or make a recommendation to the Leader and Cabinet Member for Business Strategy, Audit and Transformation and Commercial and Traded Services on the proposed decision to:

- 1) Confirm that the current grant funding arrangements to Local Infrastructure Organisations will end;
- 2) Procure and award a new contract that meets the outcomes identified in section 4.2 of this report and commences from January 2017; and
- 3) Delegate authority to the Corporate Director of Social Care, Health and Wellbeing, or other nominated officer, to undertake the necessary actions to implement this decision.

10. Background Documents

none

11. Contact details

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