

From: Mike Hill, Cabinet Member for Community and Regulatory Services  
David Cockburn – Head of Paid Service, Corporate Director of Strategic & Corporate Services

To: Policy and Resources Cabinet Committee – 8<sup>th</sup> November 2019

Subject: **Review of Voluntary and Community Sector policy**

Classification: Unrestricted

**Future Pathway of Paper:** N/A

**Electoral Division:** Countywide- all divisions affected

**Summary:**

KCC's Voluntary and Community Sector (VCS) policy was approved in September 2015. There was a commitment within the document to review the policy by 2019.

This report sets out the proposal to refresh the VCS policy into a new Civil Society strategy for Kent and the intention to go out to formal consultation on this in the new year.

**Recommendation(s):**

**For Policy and Resources Cabinet Committee to:**

- 1) Endorse the proposal to refresh KCC's VCS policy into a new KCC Civil Society Strategy
- 2) Comment on the proposed structure of the strategy and the draft model of support to the sector
- 3) Endorse the decision to go out to formal consultation on the new strategy in the new year.

**1. Background**

- 1.1 KCC's Voluntary and Community Sector (VCS) policy was approved in September 2015. The policy set out KCC's future relationship with the sector including its offer of infrastructure support and adopted a new grant framework for the Council. There was a commitment in the document to review the policy by 2019.
- 1.2 There was an initial evaluation of the VCS policy within SPRCA (Strategy, Policy, Relationships and Corporate Assurance), which went to the Corporate Management Team in June 2018. This found that the policy had been largely successful particularly in the implementation of a grant framework, which had brought consistency to grant funding processes across the Council and led to the development of greater intelligence and understanding of the wider sector in Kent. During this evaluation it was made clear that there remained a commitment to having a VCS policy for KCC and that it should be refreshed.
- 1.3 Since the adoption of the VCS policy the political and policy landscape has shifted. The Government has published its own Civil Society Strategy and at the core of civil society is the 'social sector' – charities and social enterprises. We therefore intend to refresh the VCS policy into a civil society strategy for Kent, which focuses on our

relationship with the VCSE and how we can support and strengthen civil society, without compromising its independence. Within this we will also look at civil society's role in tackling issues such as social isolation and loneliness, in response to the recent KCC Select Committee.

## **2. Size and scope of VCSE in Kent**

- 2.1 Since 2015 considerable work has taken place to map the charity sector in Kent, to understand the breadth of organisations that exist, their contribution to the Kent economy, KCC's investment in the sector and to support the strategic relationship that was set out in the policy as an ambition. This work as focused on registered charities as this data is available through the Charity Commission.
- 2.2 There are 3,011 active voluntary organisations in Kent with a total income over £397.7m<sup>1</sup>. In real terms the Kent voluntary sector saw an income increase of 16.4% since 2012, with growth in each size category of organisation from major to micro. A recent Social Enterprise prospectus by SELEP (South East Local Enterprise Partnership) estimates, based on national projections that there are between 2,135 and 2,774 social enterprises in Kent and Medway. There has been an increase in charities moving to a social enterprise 'trading' model in more recent years.
- 2.3 The VCSE is a considerable partner to KCC. Total spend with the VCSE in 2018-19 is £137m<sup>2</sup>, with £10m of this as grant spend. However, the vast majority of the VCSE received no funding from KCC and exists entirely independently. The majority of KCC grant spend for example, goes to large and medium sized organisations, whereas most organisations in Kent are small and micro and receive no KCC funding.

## **3. KCC VCS policy 2015**

- 3.1 The VCS policy in 2015 intended to broaden out KCC's relationship with the VCS, beyond simply those that we fund. It set out a strategic relationship recognising the role of the sector as both a partner in delivering KCC services but also the contribution of the VCS in our communities, that exists entirely independently from KCC. Recognising the wider sector was something that the sector told us was important during our consultation, with frustrations that sometimes the Council can concentrate too heavily on a small proportion of the sector- those it funds to deliver services. This had failed to recognise the breadth of organisations which exist within our communities.
- 3.2 The sector also voiced some concern about the council's approach to grant funding, that it was not always transparent and accessible to a wide range of organisations and was too often based on historic arrangements. As a result we reviewed the grant processes across the council and developed a new grant framework to ensure that grants were open, transparent and followed a standardised approach, which intended to also put an end to over reliance and unsustainable grant funding to a small proportion of the sector in Kent.
- 3.3 The policy also set out the principles, which would underpin our future offer of support to the sector based on the findings of the consultation. The offer of support was intended to build the capacity and sustainability of the sector and ensure VCS organisations in Kent were enabled to deliver their mission. Included in this offer was a commitment from KCC to support cross sector networking events, to provide a

---

<sup>1</sup> Charity Commission data 16/17 and based on the 'general charities' definition but excludes certain categories such as independent schools, faith charities and those controlled by government

<sup>2</sup> KCC spend with registered charities, CiC and Mutuals includes all spend on grants, contracts and services

forum for organisations across the VCS to come together alongside social enterprises and small businesses to share ideas and information and these have been very successful and well received by the sector over the past 4 years.

#### VCS policy 2015 principles and overview:

Overview:	Principles
<ul style="list-style-type: none"> <li>• Set out <b>KCC’s strategic relationship</b> with the sector (not just those we fund)</li> <li>• Outlined the <b>principles</b> which would underpin our <b>future offer of support</b></li> <li>• Set out our commitment to <b>engagement</b> with the wider sector and <b>facilitating information sharing</b></li> <li>• Put in place a new open and transparent <b>grant framework</b> for the Council</li> </ul>	<ul style="list-style-type: none"> <li>• recognition of <b>the contribution of the VCS in Kent, not only those organisations that provide services on our behalf, building capacity and resilience</b> within our communities</li> <li>• commitment to ensuring our <b>grant funding is outcome driven, accessible and transparent,</b></li> <li>• commitment to ensuring <b>VCS organisations in Kent are supported to deliver their mission without being overly dependent on local authority funding</b></li> <li>• focus <b>on building the capacity of the sector</b> to support KCC to achieve the outcomes it wants for the residents of Kent</li> <li>• commitment to <b>safeguarding sector independence</b></li> </ul>

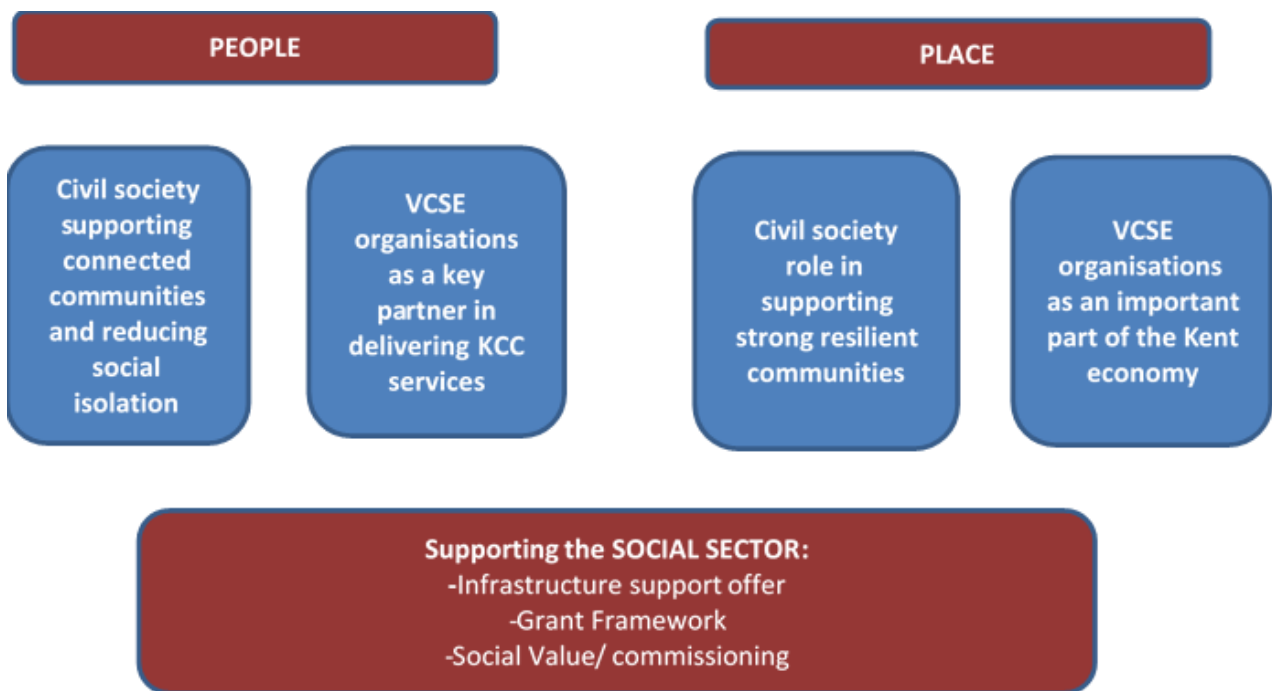
#### 4. Move to a new Civil Society strategy for Kent

- 4.1 There is a commitment from KCC to continue to have a VCS policy for Kent and that therefore the 2015 policy should be revised. However, since 2015 the national policy landscape around the VCS has shifted, with the publication of the governments first Civil Society Strategy and we therefore intend to reflect this and have a civil society strategy for KCC. For the purposes of our strategy, ‘civil society’ is defined as all those individuals, informal and formal groups and organisations that operate outside of state control and for the primary purpose of social good. We intend to focus the strategy on those organisations that do not distribute profits, those at the core of civil society – voluntary, community and social enterprise organisations or the ‘social sector’.
- 4.2 The VCS policy in 2015 did not particularly focus on social enterprises. Many charities are moving to a more entrepreneurial, social enterprise trading model and we therefore believe our new strategy and support offer should reflect this. It is not a true reflection of the sector in Kent, if the strategy focuses on a narrow definition of ‘charity’ when indeed we know the sector is far more diverse. We also wish to recognise the huge contribution of social enterprises to our communities and the Kent economy. We believe whilst charities and social enterprises are diverse and there are distinct features within both, there are many areas where they complement, focusing on similar objectives – social good and face similar challenges.
- 4.3 The new strategy will reflect a similar strategic relationship with the sector to the existing policy, however it will be broader, recognising the role of civil society and the VCSE as core part of that. It will be structured around 3 themes- People, Place and Supporting the Social Sector (**described in figure 1 below**). This will enable us to outline the role of civil society in supporting connected communities, tackling issues such as social isolation and as a key partner in delivering KCC services. Whilst also

looking at civil society's role in shaping place – building strong resilient communities and VCSE organisations as a key part of the Kent economy. It has also been proposed that we reflect the recommendations from the Select Committee on Social Isolation, which relate to the VCS and civil society through the new strategy rather than a standalone social isolation strategy and this structure will allow that.

- 4.4 The 2015 policy embedded the principles set out in the Kent Partners Compact but recognised the need for this to be reviewed. Since 2015, the government through its civil society strategy, has committed to reviewing the National Compact, however when this will take place remains unknown. The Kent Compact was last updated in 2012, the principles around 12-week consultation are already set out in statutory Best Value Guidance, endorsed in the existing VCS policy and the Compact is woefully out of date in terms of commissioning practice and does not consider the Social Value agenda.
- 4.5 We are therefore proposing to embed the principles of the Compact into the new strategy rather than discharging these through a standalone document and to include a Compact checklist appended to the document to ensure that it continues to uphold the principles. As and when the government updates the National Compact, we will review this checklist. Recognising that the Compact was a partnership document, we will inform public sector partners of our decision and be engaging them through the development of the strategy.

**Figure 1: Civil Society Strategy structure**



## 5. Supporting the social sector





- 5.1 The strategy, as in 2015, will set out the principles and objectives of our funding for the future infrastructure support to the social sector. The detail of how this will be delivered will be set out in an action plan. KCC, through Public Health has funded a contract over the past 3 years to deliver support to the sector, which is due to end in December 2019, this will be extended to the end of the financial year (31 March 2019), to align with the development of the new strategy after which new arrangements will be tied to the objectives and model set out in the new strategy. We

are working collaboratively with colleagues in public health and strategic commissioning to develop the future offer.

- 5.2 The new support offer will recognise the role of the VCSE as a core part of civil society, supporting and strengthening our communities and as a partner in delivering KCC services. It will need to be flexible enough to meet the diverse needs of the sector, enable organisations to access a range of specialist support to ensure that the sector is sustainable, able to thrive and importantly maintain its independence.
- 5.3 The sector's needs are diverse, and a range of expertise are required to support new organisations and those who are looking to diversify or grow their income streams and investment. We believe there is potential to deliver an effective support offer in house that can meet these diverse needs. This may include grant funding held in-house for the sector to bid into to access a range of external specialist support. An in-house option would give us greater flexibility to respond to the sectors changing needs and enable us to better understand the impact of our funding on the sector. It would also help to build our intelligence e.g. how organisations use our funding to develop their organisation, to access different funding streams and how many employees or volunteers work within their organisation and are in turn supported. It will also enable us to use our funding more strategically and to look at opportunities to leverage additional funding from both partners and other funders in Kent. Details of the potential support model are in **Figure 2**; these are, however, initial ideas and further engagement and consultation on the strategy will develop this model further.
- 5.4 The support model set out in this report has been influenced by early engagement with representatives from the VCSE, we have also looked at surveys carried out by other organisations in Kent that support the sector and largely we believe the support needs have not changed since 2015. However, there is an increasing request from the sector for support around business development that is bespoke to the VCSE and support to help develop Trustee Boards. The sector has consistently highlighted the need for access to specialist support such as business planning, financial planning and financial skills, as well as legal support particularly around governance, and digital skills training. They have also told us that ensuring this support is independent and tailored to the organisational needs is of high importance. The commitment made in 2015 to developing cross sector (voluntary, private, social enterprise and public sector) networking opportunities for the sector we believe remains a priority and given the successful delivery of this element, largely delivered in house, we would look to build on this in our new offer.
- 5.5 We are also committed to supporting small, grass root organisations that we know, often need access to grant funding simply to help them to achieve their social mission, not for the delivery of services defined by and monitored by KCC. Following the Select Committee on social isolation and the role we know these organisations play within our communities and in improving wellbeing, we believe a funding pot that supports small organisations in this way would support the objectives in the new strategy and should be considered as part of the new support offer.

**Figure 2: DRAFT Support for the social sector model**

← Supporting the Social Sector to be sustainable and maintain its independence →

Themes	Support need	Possible mechanism
<p>Business development and Trustee Board development</p> 	<ul style="list-style-type: none"> <li>• Access to specialist skills e.g. finance and business planning including support to look at reducing back office costs</li> <li>• Upstream support for VCSE to buy-in expertise to explore other funding models such as social finance or income generation</li> <li>• Governance and legal framework advice</li> </ul>	<p>KCC grant funding for organisations to access external specialist support. Would require an application or business case.</p> <p>Potential for a diagnostic or mentoring element (externally delivered) to be part of this to assist organisations in accessing the right support.</p>
<p>Digital capacity and infrastructure</p> 	<ul style="list-style-type: none"> <li>• Access to digital skills training</li> <li>• Access training on how to utilise social media and digital marketing</li> <li>• Improving organisations digital infrastructure to be more efficient</li> </ul>	<p>Potential for a diagnostic or mentoring element (externally delivered) to be part of this to assist organisations in accessing the right support.</p>
<p>Empowering neighbourhoods and resilient communities</p> 	<ul style="list-style-type: none"> <li>• Access to funding to support small, grass root organisations to carry out 'social good' or their core mission within local communities</li> <li>• Recognising civil society's role in improving wellbeing and tackling social isolation</li> </ul>	<p>KCC grant funding pot for small community organisations to access funding to support them in delivering their core mission</p>
<p>VCSE engagement</p> 	<ul style="list-style-type: none"> <li>• VCSE networking forums to enable the sector to share ideas, meet other organisations and engage with KCC and partners in an informal setting</li> <li>• To support innovation and collaboration</li> </ul>	<p>Fund a delivery partner to establish and support a series of ongoing networking events across Kent for VCSE</p>

5.6 In addition to our model of support, the strategy will also reaffirm our commitment to a blended funding model. It will set out the KCC grant framework from 2015, revised based on our learning over the past 4 years, which will be an annex to the strategy. However, it will also reflect that the VCSE sector needs to be supported to increasingly access different types of funding such as grants, social finance and where appropriate contracts, rather than relying on one income stream.

5.7 The strategy will also recognise how civil society unlocks social value and will link to the KCC social value framework and social value statement. Indeed, KCC's investment in an offer of support to the VCSE reflects the value we place on the social sector in Kent, in bringing about social good. Many local authorities have significantly reduced or in some cases ended their infrastructure support offer to the sector, however we believe investing in the VCSE in this way is part of our commitment to a strong civil society and the social value that brings to our communities.

## 6. Timescales and next steps

6.1 Whilst we have started some early, informal engagement with the VCSE on the broad principles of the strategy and support offer, set out in this report, there will be a formal consultation on the new strategy.

6.2 We are holding an event with the sector at the end of November where we will continue to test out the development of the strategy. There will also be internal engagement throughout the development of the strategy with colleagues across a range of relevant services who work with the VCSE. We anticipate that a draft strategy will be developed by the new year and formal consultation will then take place. We therefore anticipate that the new strategy will come back to P&R Cabinet Committee for endorsement in Spring 2020, with the new offer of support in place later in the year.

### Recommendations:

#### **For the Policy and Resources Cabinet Committee to:**

- 1) Endorse the proposal to refresh KCC's VCS policy into a new KCC Civil Society Strategy
- 2) Comment on the proposed structure of the strategy and the draft model of support to the sector
- 3) Endorse the decision to go out to formal consultation on the new strategy in the new year.

## 7. Contact Details

Author: Lydia Jackson  
Policy and Relationships Adviser (VCS)  
Ext: 03000 416299  
Email: [Lydia.jackson@kent.gov.uk](mailto:Lydia.jackson@kent.gov.uk)

Responsible Director: David Whittle  
Director of Strategy, Policy, Relationships and Corporate Assurance  
Ext: 03000 416823  
Email: [David.whittle@kent.gov.uk](mailto:David.whittle@kent.gov.uk)

Responsible Director: Andrew Scott-Clark  
Director of Public Health  
Ext: 7200 416659  
Email: [Andrew.Scott-Clark@kent.gov.uk](mailto:Andrew.Scott-Clark@kent.gov.uk)