

From: Mike Hill- Cabinet Member for Community Services

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To: **Policy and Resources Cabinet Committee – 10 September 2015**

Decision No: 15/00030

Subject: **Final draft of the VCS Policy and consultation feedback**

Classification:

**Past Pathway of Paper:** Cabinet Members and Corporate Management Team

**Future Pathway of Paper:**

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

**Summary:**

KCC's draft Voluntary and Community Sector (VCS) policy, which was considered by Policy and Resources (P&R) Cabinet Committee on 16 January 2015, has undergone a 12 week consultation with the sector. The draft policy has now been updated to reflect the insights gathered and this report provides an overview of the consultation, the feedback and the subsequent changes to the final draft of the policy. Following P&R Cabinet Committee and any subsequent changes to the policy, the Cabinet Member for Community Services will take the decision to adopt the VCS policy.

**Recommendation(s):**

**The Policy and Resources Cabinet Committee is asked to:**

- 1) Consider and endorse, or make recommendations to the Cabinet Member for Community Services on the proposed decision to adopt KCC's VCS Policy. Comment on the consultation process and findings
- 2) Comment on the revised policy
- 3) Comment on the proposed next steps

**1. Background**

- 1.1 The LGA Peer Challenge which KCC undertook in 2014 recommended that KCC develop a VCS policy or strategy. This recommendation was subsequently agreed by County Council and a VCS policy has since been developed by a cross directorate group of officers, supported by a small member working group, which consisted of Mike Hill, Graham Gibbens and Mark Dance.
- 1.2 It was agreed that a council wide VCS policy needed to consider the role of the VCS in its broadest sense and KCC's future support to the sector should be reviewed in this context. In developing the policy the working group identified the lack of standardised process around grant funding across the authority and with the introduction of the Local Government Data Transparency code 2015, which required

Council's to publish details of all their grants annually, it was agreed that a grant framework would be developed and defined within the Policy.

- 1.3 The draft policy was considered by Policy and Resources Cabinet Committee in January 2015 and it was agreed that it would go out to consultation with the sector for 12 weeks, in line with the Kent Compact. In particular the consultation would seek the sectors views on the proposed grant framework and the future support needs of the sector.

## 2 Consultation process

*The draft consultation report and detailed findings are provided in Appendix 2.*

- 2.1 The consultation began on the 26 March 2015 and ran until 18 June. FACTS International was commissioned by KCC to lead the consultation analysing survey responses and managing the consultation events given their experience of working with the VCS and knowledge of Kent's VCS.

<b>Deliberative workshops with the VCS held in 3 locations</b>	<b>Online Questionnaire</b>
An in-depth qualitative assessment of VCS organisations opinions via face to face deliberative workshops	The use of an online consultation questionnaire (also available in hard copy) hosted on the Consultation area of the KCC website and sent out through various internal and external channels.

- 2.2 The survey was hosted on the KCC consultation page throughout the consultation period and 127 responses were received with over 100 organisations responding. It should be noted that the consultation exercise gave organisations the opportunity to 'opt in' to give their views and was not intended to be a representative survey of the sector. However, the survey was sent out to a range of organisations through both internal and external networks to over 2000 organisations on KCC databases and around 1800 small and medium size organisations through the KentCan network. The responses collected through the survey were very detailed and demonstrated a great deal of time and thought had been given by organisations to ensure their views were heard.
- 2.3 In June 2015 three consultation events were held and facilitated by FACTS in Maidstone, Ashford and Canterbury. The invitations were sent out to 230 organisations that had expressed an interest either through completing the online survey or as a result of communications through, newsletters, KentCan's network and social media. In total 81 organisations attended the 3 events – Maidstone 31, Ashford 33 and Canterbury 17.
- 2.4 The main topics covered at the events included general feedback on the draft policy, plus suggestions around supporting activity that would benefit the sector: e.g. maximising availability and accessibility of grants as defined in the policy, Infrastructure support and facilitating information, skill sharing and engagement.

## 3. Main consultation findings

- 3.1 The findings from the consultation are summarised under each of the following headings and the proposed changes to the policy are provided. The revised policy is provided in Appendix 1.
- 3.2 The consultation has been an invaluable process providing the opportunity to clarify areas of the policy but also providing informed challenge and indeed in many cases pushed KCC to think more radically and indeed take more risks, “Be bold, be brave, effective change is sometimes painful”.
- 3.3 We recognise that involving the sector in the development of the policy is key to its success and we are encouraged that the consultation process has been welcomed by the sector as a starting point for a more mature and professional relationship between KCC and the VCS. The feedback has therefore been used to change or inform the policy wherever possible and where issues have been raised that fall outside of the scope of the policy we have flagged this as potential next steps and new pieces of work, where appropriate. However in some cases there have been conflicting views across the sector and the feedback has rightly been balanced against the wider priorities of KCC.
- 3.4 **Demographics of respondents:**

***Caveat:*** *The consultation was open to any organisation to respond and therefore not intended to be a representative survey of the sector.*

- 42% of survey respondents listed their primary activity as Adult Social services, 25% as Education and 25% Children’s services however there was good representation across a range of activities (see appendix 1).
- 52% of organisations that responded fell into the medium, large and major income band with 49% Micro and small.
- 63% of respondents had a funding relationship with KCC. In fact the larger the organisation responding to the survey the more likely they were to have a funding relationship with KCC
- 78% of large and major organisations responding were in receipt of funding from KCC. Larger organisations are overrepresented among survey respondents, re-affirming that micro organisations are far more likely to be ‘off-radar’.
- Attitudes of organisations do not differ by size but organisations in receipt of KCC funding were more likely to be positive about the policy, suggesting that there is a sense of ‘outsiders’ from those who do not receive funding; something highlighted through the deliberative events.

### 3.5 The development of a KCC VCS policy

#### 3.5.1 Feedback:

The feedback from the deliberative events was positive about the development of a KCC policy, believing it offered clarity and recognition of the importance of the sector. Its existence was felt to give prominence to the sector within KCC and as a positive step forward because it provided an opportunity for the VCS to better understand KCC’s position. This was mirrored in the survey with respondents stating the top benefits of the policy as Clarity, Accountability, Transparency and coverage (across a diverse sector).

In the survey just under 4 in 10 organisations felt the policy would help their organisation with 37% responding ‘don’t know’. In discussion at the events and in comments through the survey it became clear that organisations wanted more

information particularly around grants and where appropriate the policy has been revised in response to these comments and this is highlighted later in the report.

It was generally felt that the policy reflected the diversity of the sector however some felt it could go further particularly recognising that the sector went beyond the health and social care arena and included organisations who were 'doing their own thing'. The scale of differences between different types of organisations could also be more fully appreciated and it was also emphasised that the policy must be backed up by action.

The language and tone of the policy was felt to be very 'local government speak' and concern that it could be overly paternalistic and patronising. It was felt that the future relationship should more overtly recognise the professionalism within the sector and not continue to be a paternalistic.

Some responses stated that the policy could better recognise the importance of Social Value itself and how the policy will help KCC to deliver on its Social Value objectives.

There was a suggestion that the link to other KCC documents such as the Compact should be strengthened and consideration given to how the two documents interplay.

### **3.5.2 Proposed changes to the policy and rationale:**

We have made changes to the language and tone of the document in response to the feedback received, however this policy is intended to be an internally focused document, which will guide and support commissioners and so the style of the document must reflect this. We have placed greater emphasis on the need to view the sector as an equal partner and set out a future relationship with the sector built on collaboration not an overly paternalistic relationship driven through our funding arrangements (as set out in the diagram on page 8 of the policy). The policy has been updated to further emphasise the diversity in the sector and the distinct nature of VCS organisations, which are driven by their core mission and the needs of communities. In this sense it makes clear that many organisations are not indeed funded by KCC and have little engagement with the authority. However the policy clarifies that our future relationship and support should reach organisations right across the sector. The principles on page 1 of the policy have been updated to reflect these changes.

The policy sets out our commitment to social value and recognises the inherent social value of the VCS. However, it recognises that the detail of how we consider social value and develop our approach within all our commissioning is better considered within other KCC documents such as the Commissioning Framework and toolkit, which the policy links to.

Further detail about grant funding has been reflected within the relevant section of the policy and details are provided in 3.6.

## **3.6 Grant funding framework**

### **3.6.1 Feedback**

In relation to grants, many had felt that KCC would be moving away from grants entirely and so were reassured to see an explicit commitment. Participants mentioned advantages around a standardised approach to grants ensuring

consistency in approach and welcomed the concept of Innovation grants. It was felt that a consistent approach had been lacking to date and there was optimism that the policy could lead to a more “level playing field” giving more opportunities to a greater number and range of organisations – including smaller organisations that have not as yet been able to access KCC funding (not just “the big boys” or “the usual suspects”). Participants hoped that the policy would change the current limitations of a system where access to KCC grants could be “more about who you know, rather than what you do”. Encouragingly more than half of organisations that responded to the survey felt that the proposed grant definitions would enable grants to be more accessible to a range of organisations.

However, both in the feedback at the events and in the survey responses it was felt that the policy could go further in providing more detail on what funding would be available and indeed a lack of detailed information about grant funding meant some respondents were unsure of the benefits of the policy. It was recommended by a number of organisations that KCC should develop a ‘grant prospectus’ to provide the further information that the policy was lacking, whilst recognising that the policy itself may not be the correct mechanism for setting out this detail.

Where organisations responded negatively to the grant framework the main reason given was unsustainable funding and a ‘one size fits all mentality’. The feedback was consistent that short term grant funding was making the sector unsustainable and that longer- term funding should be considered so that interventions could gain momentum. It was also strongly suggested that consideration be given to working with a third party organisation to administer some grants and to facilitate better partnership working and promote a range of funding sources.

It was stated that a consistent, professional approach to grant funding had been lacking and using a panel of experts who have a deep understanding of pressing needs within the local communities may be a more effective way of awarding some grants than current practice.

Many organisations felt that the KCC website and portal were not fit for purpose in terms of making it easy to apply for grants, and that a downloadable application form may be more appropriate.

### **3.6.2 Proposed changes to the policy and rationale:**

The policy has been revised to provide greater clarity about the appropriate use of grants and is clear that grants should not be used for the delivery of services which should be provided under contract. Instead, as we move to become a strategic commissioning authority and take an outcome based approach; a strategic change is required within KCC to ensure that grants are used to support the delivery of our outcomes, with innovation grants also offering opportunities to pilot new ideas and support the development of new organisations and approaches. The grant framework sets out how all grant funding should be linked to our strategic and supporting outcomes. The grant definitions have been revised to reflect this feedback and it is intended that these are as broad as possible to ensure that grants can be used flexibly to reflect the diversity in the sector.

The commissioning process will determine if outcomes are best met through a contract or a grant arrangement and of course it will take some time for an outcomes approach to be embedded. We will need to ensure that we are truly commissioning for outcomes through our engagement with providers through mechanism such as the annual provider survey.

Where grants are awarded the principles underpinning our grant funding have been made more explicit given the consistent comments about the importance of clarity and transparency, see page 11 of the policy. Furthermore due to the consistent feedback that the current grant arrangements had destabilised the sector, we have revised the grant framework and proposed that multiyear grant agreements are used wherever possible over the MTFP period in order to provide stability and create a more transparent funding environment. However it is recognised that KCC must retain the flexibility to remove multi- year grant arrangements if necessary, given the financial pressures we are under.

The policy has also been updated to include a commitment to developing a grant prospectus given the consistent comments across both the survey and events about the need for more information, particularly in addressing the 'don't knows' who felt more information was needed. We believe this will provide greater clarity and transparency in our grant funding and whilst publicising information about grant availability over the MTFP period will make it accessible to a wider range of organisations and enable them to plan. Building a grant prospectus around our strategic and supporting outcomes will enable us to monitor the impact of our investment against our priorities and areas of greatest need and will further enhance the transparency agenda.

Whilst we take on board the comments about the use of the kent.gov site and portal we believe that for grants which KCC administers it is appropriate that the KCC website is used, although we will review accessibility and ensure that a simple online platform can be used for both advertising and applying for grants. The policy does however, commit to developing a standardised application form, which is proportionately applied and we agree that this should be downloadable

### **3.7 Engagement**

#### **3.7.1 Feedback**

There was a general feeling that KCC could do more to facilitate networking and information sharing across the sector and that this was an area which needed improvement. When asked how KCC could support the sector the majority of survey respondents stated networking and information sharing forums as most important. Some respondents felt that they would benefit from an understanding of other organisations that existed within Kent and that this overview was lacking.

Importantly given time constraints, engagement and networking needed to be worthwhile and offer opportunities to meet new contacts. Some participants felt that there may be potential for innovative ways of bringing sector groups together, perhaps on a thematic basis although meeting those with a different perspective was felt to be of particular use also.

It was felt that KCC could have a role in bringing organisations together e.g. small providers with larger organisations to skill share and could encourage connections outside of the sector e.g. with the business community. There was a general feeling at one event in particular that the public, private and VCS sectors could come together more and that the private sector should be encouraged to do more in terms of Corporate Social Responsibility.

#### **3.7.2 Proposed changes to the policy and rationale:**

Due to the detailed feedback regarding engagement and that this was an area raised for improvement we have added a new engagement section into the policy.

The policy commits to looking at how KCC can facilitate engagement, information sharing and networking opportunities within the sector and across sectors; in light of the feedback that this was seen as an important role for KCC in supporting the sector in the future. There was a particular interest at the deliberative events for KCC to facilitate engagement across sectors – the VCS and private business sector and the policy therefore commits to looking into this further. In addition 43% of survey respondents felt that training was an important area of support for the wider sector and many of the training needs identified were those where the business sector could offer a great deal of expertise e.g. legal, management, business training and opportunities for skill sharing in this way will be explored further.

The policy has been updated to reflect the feedback that KCC should have a partnership relationship rather than a paternalistic funding relationship with the sector and we believe our engagement should reflect this. Therefore the policy commits to putting in place an engagement mechanism that is at the heart of KCC, recognising it will be ever more important that we can come together as equal partners collaboratively in the future and not merely through funding arrangements.

### **3.8 Infrastructure support**

#### **3.8.1 Feedback**

The consultation provided a very useful insight into the support the sector currently accesses, (support was interpreted as both funding and infrastructure) with 53% of survey respondents reporting that they do not access any support. 86% of those accessing support were in receipt of KCC funding. 16% of those not funded by KCC are accessing support. This supports the findings from the deliberative events that there are many VCS organisations which are ‘under the radar’ of KCC and are not connected to the infrastructure support they need, it also reaffirms the feeling of ‘outsiders’. From the evidence gathered during the consultation there is an issue of accessibility of support and ensuring that support in the future can meet the needs of the wider sector – including those who are currently ‘off radar’; support should go further than those organisations which KCC funds to be effective.

Most respondents recognised that the organisations most in need of support were small or newly formed and often unable or unwilling to pay for the support they required. This has meant that organisations providing infrastructure support have relied on local authority grant funding and have increasingly subsidised this with the delivery of services. It was suggested that this has weakened the appeal of accessing infrastructure for some organisations, as for it to be fit for purpose it needed to be impartial. It was therefore felt to be beneficial to separate out the delivery of infrastructure support from other competing activities. There were calls for a “clean hands” organisation to take the lead on this in order to ensure full trust in partnership working and support.

Respondents universally identified the future support needs as wanting support to access funding (both contracts and grants) and “business support”. In relation to supporting organisations to deliver services 61% of survey respondents identified support needs as marketing and promotion and 59% as business planning. Small organisations with the greatest need for support often found this hard to access, as did growing organisations, including those transitioning from operating on an entirely voluntary basis to employing a first paid staff member. A Business Link style organisation to support the VCS was suggested.

There was also a suggestion that KCC could help by offering access to organisational resources, leadership training and HR support. Mentoring was

considered a desirable support mechanism, with advantages in terms of its tailored nature and the sustainability of learning delivered in this way, with some participants explicitly mentioning that they would like more choice in terms of the infrastructure support available to them. The existing STAMP programme, which was commissioned by adult social care, health and public health for 18 months and provides a range of support, information and advice on areas such as public sector commissioning, Social Value Act, consortium working, fundraising and business sustainability was praised by some, but it was suggested that this could be opened up to a wider range of organisations. Some participants perceived that the STAMP events and advice had become expensive and questioned the value of their relevance and appeal.

### **3.8.2 Proposed changes to the policy and rationale:**

The feedback from the consultation has been used to develop the principles upon which KCC's future offer of support will be developed (page 10 of the policy); setting out those areas which were highlighted as priorities by the sector, this must also be viewed in conjunction with the section on engagement.

Many organisations expressed concern that the current infrastructure support organisations were competitors; as they subsidised their funding through providing services on behalf of KCC and that any future arrangements must be impartial if they are to be successful. The policy therefore commits to a support model in the future that must be independent and recognises that KCC's contribution to any future model is significant. However it is equally important that any future model is sustainable, this means it will need to be able to diversify its funding and that it is accessible to a much wider representation of the sector and not simply accessed by those who are well networked with or funded by KCC. It is also recognised that the support model must be flexible and able to support organisations in a range of areas including business support and therefore the design of any future model will need to consider the diverse set of skills and expertise required and how best to achieve this.

## **4. Next steps**

- 4.1 The draft policy will be agreed by the Cabinet Member for Community Services. Once this decision is taken a communication exercise will be undertaken to ensure that all KCC staff, in particular commissioners are aware of the policy and its implications, for example the new grant framework.
- 4.2 Given the strong feedback throughout the consultation process regarding poor information around grant funding opportunities and the perception that grants are awarded to the same organisations, it is proposed that a piece of work is undertaken to look into the development of a grant prospectus. This will need to be developed across KCC commissioning functions and would not only strengthen the transparency agenda within KCC it will support the development of an outcome based approach- setting out our grant funding against our strategic and supporting outcomes.
- 4.3 The development of a future model of support which is fit for purpose is a priority given the consultation feedback that highlights the limitations of the current model and that this was one of the key areas the policy sought to address. The proposal is for a cross directorate group to consider future models of support to the sector and that proposals will be put forward in due course; any changes to current infrastructure support will require an additional period of consultation with the sector given it is inevitable that changes to the current funding will be made. This work will also consider KCC's mechanism for engaging the sector in line with the proposals in



the policy (including facilitating better links with the business sector) and in light of the consultation feedback.

- 4.4 A report will be provided to all who expressed an interest in the consultation events or took part in the consultation. This will set out the consultation feedback and changes to the policy as a result – a ‘You said, we did’ and will be accompanied by the final policy document.

## 5. Recommendations:

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

- 1) Comment on the consultation process and findings
- 2) Comment on the revised policy
- 3) Comment on the proposed next steps

## 6. Background Documents

**Appendix 1-** Final draft VCS policy

**Appendix 2-** Consultation report- FACTS International

**Appendix 3 –** Draft Proposed Record of Decision

## 7. Contact details

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