

ECC strategy for building a stronger relationship with the voluntary and community sector



1. Introduction

Essex County Council recognises that a diverse thriving and independent voluntary and community sector ¹ (third sector) is crucial in achieving better outcomes for the residents of Essex.

This is because voluntary and community sector organisations:

- have strong, established links with local communities, and consequently a great deal of knowledge about local issues
- have the ability to bring together individuals from different backgrounds in community activity, building social capital
- have strong links with specific client groups, including in particular hard to reach communities, who may find it easier to respond to a locally based network rather than the statutory sector
- are driven by charitable aims and often have less rigid structures, thereby allowing them to be committed and flexible in delivering services and achieving outcomes, and well placed to innovate and create new solutions and respond in a timely way to emerging issues
- can draw on the skills, knowledge and capacity of volunteers and the resources of other organisations and funding streams not accessible to statutory bodies

Therefore the council should seek to enable the diverse voluntary and community sector in Essex to have a multifaceted role in:

- providing services, as the voluntary and community sector is very well placed to deliver excellent public services that are socially, locally and environmentally supportive and accessible to all
- helping to shape the priorities and policy of the council, taking advantage of the voluntary and community sector's knowledge, experience and access to local communities
- contributing to strong local communities through undertaking community engagement and advocacy activities, enhancing democratic participation
- contributing to a better quality of life for local communities

¹ Annex 1 provides a glossary of terms as used in this strategy

Essex already has a vibrant voluntary and community sector with which the county council has a strong relationship. This strategy aims at building on and enhancing the existing situation.

It will focus on two main areas:

- managing the relationship between the council and its voluntary and community sector partners
- the way in which the council funds and commissions services from the voluntary and community sector

Ultimately the council would like to embed and strengthen cooperation with the voluntary and community sector, focusing on enhancing dialogue, delivering joint outcomes and acknowledging that both partners have a great deal to bring to the table. There is already much evidence of good practice in this area but we wish to extend this further.

NB: it should be noted that this strategy the council will adopt the Treasury definition of the voluntary and community sector as 'non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives'. These include voluntary and community organisations, charities, social enterprises, cooperatives, housing associations and registered social landlords.

2. Relationship building

This section of the strategy lays out how the council will strengthen its relationship with the voluntary and community sector.

2.1 Directorate and service area relationships

Relationships between directorates and voluntary and community sector organisations should be as clear as possible. To aid this, each directorate will appoint a dedicated voluntary and community sector link officer to act as a single point of contact with the voluntary and community sector. These link officers will take a strategic overview of the relationship between voluntary and community sector organisations and the various services and teams in the directorate. In turn, each service may also want to consider appointing a single point of contact with the voluntary and community sector.

This role could involve:

- ensuring that lines of communication are as clear as possible, providing advice and support and acting as a troubleshooter where necessary
- creating a lead funder model across a service area in situations where several teams fund the same organisation, giving one team responsibility for managing the administrative and monitoring process, with the potential to expand this lead funder model across the whole organisation
- working with specific voluntary and community sector organisations to understand their desired objectives and direction of travel, and then looking at how these fit with the objectives and direction of travel of the council, identifying synergies
- developing relationships with identified points of contact in the voluntary and community sector , possibly including infrastructure organisations, to ensure that liaison is as systematic and comprehensive as possible

2.2 Corporate relationships

The council will also take a strategic overview of the voluntary and community sector. The Community Planning and Public Engagement Team is taking the lead within the council on this work. The team will act as a central point of contact for the voluntary and community sector, working closely with the Stronger Communities sub-group of the Sustainable Essex Partnership, which is the central forum for statutory and voluntary and community sector relations.

The team will:

- facilitate the implementation of this strategy across the authority, developing an action plan for its delivery;
- continue to focus on the compact as a means to build the relationship between the voluntary and community sector and the council;
- act where necessary as an ‘honest broker’ in supporting the relationships between directorates and the voluntary and community sector , seeking to understand the interests of both parties and bringing them together, and discussing issues of mutual benefit;
- keep directorates informed of policy developments relating to the voluntary and community sector;

- Act as a resource and focal point within ECC for the promotion of the Essex Compact.

The Council will also set up an internal officer voluntary and community sector forum comprising of directorate link persons and other officers. The forum will:

- develop an action plan for this strategy and oversee its implementation;
- oversee the maintenance and development of the Essex Single Funding Gateway (SFG); and;
- liaise with the voluntary and community sector on policy, support and advice issues.

2.3 Priority setting and policy development

The council understands that voluntary and community sector organisations are in an excellent position to help to inform the council's priority setting and policy development by using their knowledge and understanding of local issues and their experience in delivering local services. The voluntary and community sector also has a crucial role in providing a means for communities to make their voices heard by the council.

There are also wider benefits. Engaging the voluntary and community sector in the design and delivery of services can help build the skills and experience of volunteers and increase trust within and across communities, thereby building social capital.

To take full advantage of these opportunities the council will:

- ask voluntary and community sector organisations to approach the council and inform it of new issues, either through established partnership arrangements, other consultative fora or to directorates on individual issues;
- develop its consultation of voluntary and community sector organisations, especially local community organisations;
- ensure that the voluntary and community sector has appropriate representatives on relevant partnerships ;
- analyse monitoring information provided by voluntary and community sector funding arrangements.

It is important that the council demonstrates the outcomes of this type of engagement and consultation work and ensures that voluntary and community sector consultees are recompensed suitably for their work in this area.

2.4 Non-financial forms of support

Aside from funding the council will continue to provide non-financial support to the voluntary and community sector in collaboration with other statutory agencies where appropriate. This could involve:

- advice and information on alternative sources of funding;
- information about services and access to the internet;
- provision of property or IT services for voluntary and community sector use, or general information and advice in these areas;
- the provision of specialist advice through training and staff secondment to build capacity in the voluntary and community sector;
- Give sympathetic consideration to transfer of assets where appropriate to third sector organisations.

3. Funding

Essex County Council has provided funding to voluntary and community sector organisations to deliver outcomes and improve quality of life for the people of Essex for many years. It is estimated that the council currently spends £61m in commissioning services from and funding the voluntary and community sector in various ways.

Funding the voluntary and community sector delivers multiple benefits. Voluntary and community sector organisations can deliver a wide range of outcomes; they have local knowledge and are closer to communities; they are innovatory and can solve problems. They involve local people in local activities, providing opportunities for self-development, and they bring communities together. They act as advocates for the seldom heard. They can provide more local and more personalised services.

For these reasons the council wishes to increase its spend in funding the voluntary and community sector ; increase its commissioning of services from the voluntary and

community sector and actively consider the role of the voluntary and community sector in meeting any new demands that arise.

However, the current nature of the funding relationship between the council and the voluntary and community sector is unsatisfactory. A distinction between procured funding and grant funding causes confusion and enhances the perception of the council as a paternalist benefactor of the voluntary and community sector.

The council wishes to acknowledge that both sides bring resources to the table. The council may offer money, but the voluntary and community sector offers knowledge, experience, an aptitude for local, innovative solutions and an ability to reach parts of society inaccessible to the statutory sector.

The council recognises that this requires a change in approach. We would like to acknowledge that all forms of funding the voluntary and community sector provide benefits in delivering outcomes for the people of Essex.

This section of the strategy will outline this new approach, which should be based on some common principles and language to ensure absolute clarity among all partners.

3.1 Principles for funding the voluntary and community sector

3.1.1 Compact compliance

The council recognises that complying with the Essex Compact principles and undertakings will help to improve its relationships with the sector. Its funding and procurement practices will therefore follow the Essex Compact Funding and Procurement code.

3.1.2 A consistent approach

The council's Single Funding Gateway, comprising of the Voluntary Sector Funding and Bravo e-Sourcing web pages, has been developed to:

- simplify and speed up funding applications processes, making it easier to apply;
- make it easier to locate funding opportunities, especially for smaller organisations and those that have not been recently funded;
- reduce duplication, increase efficiency and ensure a fair allocation of funding;
- allow all partners to see the whole picture of the funding relationship between the council and the voluntary and community sector;
- collect data to determine annual spend at county level and for each district/borough and third sector organisation;
- help collate data to inform member and officer decision making on spend on voluntary and community sector;
- collect data to provide the evidence base for making changes to funding policies and practices.

Decisions on grant applications will be made by the responsible service area in compliance with the funding principles and other provisions in this strategy

3.1.3 Transparency and fairness

Criteria for funding decisions should be clearly published.

If unsuccessful, funding applicants will be able to apply for feedback. The council will consider this an opportunity to help to develop the sector and to give coherent advice that may improve the quality of bids in the future.

3.1.4 Accountability and value for money

The council has to ensure that the spending of public money is effective in meeting public policy aims and provides value for money.

To ensure that value for money is achieved robust mechanisms for monitoring outcomes and performance data will be instituted by all directorates. This is particularly the case where formal commissioning arrangements for sizeable contracts are in place.

But wherever possible this should be outcome-focused, not process-specific. This will allow voluntary and community sector organisations the freedom necessary to build on their strengths of commitment and flexibility in developing new and innovative solutions to difficult problems.

Proportionality would be a critical part of this process. More robust arrangements will be necessary where safeguarding vulnerable individuals is a priority. But lighter touch arrangements are important when dealing with smaller sums of funding and smaller organisations. Guidance and support can be as important in this context as monitoring. An effective analysis of risk is important here and appropriate sharing of risk should be agreed with the sector.

Finally the council must ensure that feedback from the monitoring process is used effectively. This provides a good source of learning that should be fed into policy development processes.

3.1.5 Long-term funding and full cost recovery

The council recognises the benefits of longer-term funding for both the authority itself and for voluntary and community sector organisations. Consequently wherever possible the council will fund outcomes for a period of at least three years.

However, there will be occasions where short-term funding will be needed, for example to deliver individual short-term projects. But this should be done sparingly and where strictly necessary.

The council will also ensure that full cost recovery is built into funding arrangements.

3.2 Types of funding

3.2.1 Partnership agreements

The current language of procured services and grants is confusing. Contracts and grants are both forms of procurement. But the term 'grants' implies that the council is gifting money to the voluntary and community sector as a sort of largesse. In fact there are always outcomes that this grant funding is designed to meet and therefore good reasons for distributing the money in the same way as contracts and more formal procured services. The only difference between contracts and grants lies in the process used for decision making and distributing the money.

Given that this distinction causes confusion and colours the perceptions of many toward the voluntary and community sector, we would like to begin using the term 'partnership agreement' to describe funding arrangements with the voluntary and community sector. Rather than suggesting a one-sided relationship, this implies that the council and the voluntary and community sector can share resources to deliver common objectives, in a move from a 'giving model' to an 'investment model'.

3.2.2 Service delivery

Partnership agreements in a service delivery context may take several forms.

The council may use a contract and follow the well established procurement process that is in place across the council. This process is open to all organisations in the public, private and voluntary and community sectors to apply.

Therefore concern should be given to levelling the playing field for voluntary and community sector organisations. In this vein the council will:

- make full effort to inform voluntary and community sector organisations of upcoming procurement opportunities;
- ensure that tenders do not stipulate criteria which discourage voluntary and community sector organisations from tendering;
- actively encourage appropriate voluntary and community sector organisations, perhaps in partnership or consortia, to tender;

- consider undertaking an active evaluation of social value as part of the decision making process;
- Ensure that all stages of the process are Compact compliant;
- Make agreements for at least three years funding except where there are strong reasons for doing otherwise.

However, if there are wider social benefits of the voluntary and community sector providing the service, the council may wish to use a different process in making the decision to distribute funding. The council may choose to limit applicants to voluntary and community sector organisations due to the overall outcomes that the council is trying to achieve. For these reasons the council may wish to use grant funding to deliver a service.

The council may also wish to consider service delivery partnership agreements that include an element of co-production of services with the voluntary and community sector. This could involve running a service, such as a community library, jointly with a voluntary and community sector organisation, with perhaps both sides providing staff and resources.

The council will scrutinise services to see whether greater involvement of the voluntary and community sector would be beneficial.

Ultimately the council would like to increase it's spend in delivering services across the whole spectrum of partnership agreements and funding.

3.2.3 Building stronger communities

The council will also use grants for wider purposes than service delivery, e.g., to support the role of the voluntary and community sector in building stronger local communities.

Voluntary and community sector organisations can bring people together from different backgrounds and engage them in local activities, exploring mutual needs and interests, building social capital, reducing isolation and exclusion and increasing the likelihood of democratic participation. The voluntary and community sector can recruit and accredit volunteers. The voluntary and community sector plays an important advocacy role, bringing together both geographical communities and communities of interest and articulating their aspirations.

The outcomes of this kind of work are sometimes not easily measurable, but are still very important, and the council would like to increase it's spend on this type of activity.

Councillors have an important part to play here in their role as community leaders, working with communities to make them stronger and encouraging participation. A good relationship with the voluntary and community sector will can only benefit all concerned in achieving a robust community involvement.

3.2.4 Capacity building

Grants are also crucial to build capacity in the voluntary and community sector and provide infrastructure support to voluntary and community sector organisations. This is important to ensure investment reaches diverse organisations, particularly small grass-roots organisations. It will increase the range of voluntary and community sector organisations that might be able to bid for council funding. It could perhaps build the capacity to deliver a local service on a countywide basis.

This requires working with infrastructure organisations to invest in skills such as bid writing and performance management and to provide good quality infrastructure support to a range of voluntary and community sector organisations. The council therefore commits to ensuring that infrastructure organisations are properly funded to carry out their crucial role.

The council will review its funding arrangements for Local Infrastructural Organisations (such as Council for Voluntary Services (CVSs), Citizens Advice Bureaux (CABx) and Volunteer Centres) with the aim of creating a coherent funding framework for such organisations. The council recognises that they have an important role in promoting a vibrant third sector and stronger communities.

3.3 Multi-agency joint funding

In many instances the council joins with other organisations, such as the PCTs, to commission services from and fund the voluntary and community sector.

Joint funding and commissioning should be channelled through established and agreed partnership bodies where appropriate, for example through district Local Strategic Partnerships and local Children and Young People's Strategic Partnerships.

In these cases the council will wherever possible try to ensure that a single process is adopted and that there is a lead organisation running the process to rationalise the administrative and monitoring requirements.

The council and partner agencies should be transparent about which organisations they fund and share partnership agreements and monitoring information wherever possible.

The council will engage with its partners to try to ensure that such a model is followed.

The council will invite other public sector bodies to work with it in developing a genuinely single funding gateway for the whole of the local state.

In due course and with proper consultation, a similar strategy to this might be put before the Essex Partnership for the endorsement of all public sector organisations in Essex.

4. Conclusion

Essex County Council is proud of the strength of its existing relationship with the voluntary and community sector but it wants to do more.

It recognises the huge benefits of working closely with the voluntary and community sector and so wants to increase and embed cooperation in the key areas of service delivery, priority setting and policy development and building stronger communities.

In order to measure the success of this strategy the council will monitor National Indicator 7 (environment for a thriving voluntary and community sector), which is in the Essex Local Area Agreement. This will include monitoring the views of voluntary and community sector organisations about the behaviour and actions of the council.

The council is aware that to get true added value from working with the voluntary and community sector, the way in which it deals with the voluntary and community sector needs to change. Our future relationships should be based on better dialogue and an acknowledgement that both partners have a great deal to bring to the table.

Annex 1 – Glossary of terms used

Voluntary and community sector organisations

VCS organisations exhibit the following criteria or characteristics:

- distinct from either the public or private sector;
- independent and non-governmental;
- ‘value-driven’, set up or formed by people who come together of their own free will to respond to issues regarding the quality of life of themselves or their fellow citizens. That is VCS groups are motivated by the desire to further social, environmental or cultural purposes or objectives;
- “not-for-profit” organisations that principally reinvest surpluses to further their social, environmental or cultural objectives rather than to make a profit;
- community owned or have an element of ownership/involvement by local people;
- run or governed by board of trustees or management committee, made up of unpaid people.

They need to only meet some; they do not necessarily have to meet all of the above criteria.

Without attempting to provide copious details to distinguish between the various components that constitute the VCS, it is made up of the following:

- large and medium local and national voluntary organisations, they may also be registered charities;
- community groups - small, grass-root local groups, they may also be registered charities;
- all registered charities;
- social enterprises, businesses with primarily social objectives re-investing surpluses in the business or community, rather than being driven to maximise profit for shareholders or owners;
- social landlords/housing associations;

- cooperatives and mutual societies;
- mutuals;
- faith groups;
- school's PTAs.

The Charity Commission use a broad approach and define the voluntary sector as charities and voluntary organisations established for the purposes that add value to the community as a whole and do not make a profit for private distribution.

Third sector

The Office of the Third Sector offers a commonly accepted description of the third sector: as “occupying the space between the state and the private sector. These include small community and voluntary groups, registered charities both large and small, foundations, trusts and the growing number of social enterprises and co-operatives. Third sector organisations share common characteristics in the social, environmental or cultural objectives they pursue: their independence from government and the reinvestment of surpluses for those same objectives”.

Grant aid

A grant aid is a gift of money to assist an organisation the Council wishes to support. Whilst grant-aid may be subject to conditions, for example, to provide a particular service to a particular standard, it lacks the element of agreement and mutual obligations which a contract or a commissioned service has.

Grant aid will normally be used for funding:

- activities where communities themselves have identified the activities they consider will be beneficial to improving their locality or the county;
- new and emerging groups for start-ups for example;
- activities that may have ‘soft’ social benefit outcomes that are not easily measurable;
- core costs for **infrastructural support organisations** like CVSs, to fund core management and administrative costs to enable them to operate efficiently and

effectively. Without this security of funding, most infrastructural organisations will go out of business;

- registration fees and small cash donations;
- activities or projects on a one-off basis such as training, publicity materials and surveys.

Local infrastructural organisations

ChangeUp defines infrastructure **support/functions** as “The physical facilities, structures, systems, relationships, people, knowledge and skills that exist to support and develop, coordinate, represent and promote front line organisations thus enabling them to deliver their missions more effectively. **Infrastructure organisations** are those whose primary purpose is to provide infrastructure functions or services (support and development, coordination, representation and promotion) to frontline organisations.”

Commissioning

Commissioning is the process of specifying, securing and monitoring services to meet people’s needs at a strategic level. This applies to all services, whether they are provided by the local authority, NHS, other public agencies, or by the private and voluntary sectors.

Procurement or contracting?

The National Council for Voluntary Organisations (NCVO) July 2006 Introductory Pack on Funding and Finance (Guide to Procurement and Contracting) offers a useful distinction between contracts and procurement. According to the pack,

- “**Procurement** is the purchase of goods and services from an external agency.
- **Contracting** involves earning income from payment for goods or services delivered according to the terms set out in a contract between an organisation and a third party known as the purchaser.
- There is **no standard approach** to public procurement
- **Procurement rules and procedures** set out how a purchaser will manage and enter into contracts with suppliers”

Full cost recovery

The aim of FCR is to ensure that your organisation receives payment for the full cost of projects / services that you deliver. It means securing funding for - or 'recovering' – both the overhead costs and direct costs incurred in the running of your projects / services.

Accountability for delivery

The “lead or accountable body” (the one designated from a consortium) is the organisation that is solely accountable to the funder or commissioner (e.g. PCT or council) for reporting and accounting for both finances and the delivery of a scheme, service or project. It also has to ‘manage’ the partners and other delivery agencies, and is responsible for achieving delivery outcomes, performance management, quality assurance, and monitoring and evaluation.

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