

# LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>SCRUTINY &amp; OVERVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>30 JANUARY 2023</b>
<b>REPORT TITLE:</b>	<b>Voluntary Community &amp; Faith Sector Support</b>
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Gavin Handford, Director of Policy, Programmes &amp; Performance</b>
<b>LEAD OFFICER:</b>	<b>Gavin Handford, Director of Policy, Programmes &amp; Performance</b> <b>Email: <a href="mailto:gavin.handford@croydon.gov.uk">gavin.handford@croydon.gov.uk</a></b> <b>Telephone: 020 8726 6000 (ext. 22605)</b>
<b>LEAD MEMBER:</b>	<b>Councillor Stranack, Cabinet Member for Communities &amp; Culture</b>

## 1 SUMMARY OF REPORT

- 1.1 Croydon Council is the largest individual funder of the voluntary, community & faith sector (VCFS) in Croydon.
- 1.2 The Medium-Term Financial Strategy has set out the challenging financial position facing the Council. In November 2022 the Corporate Director of Resources and S151 Officer took the decision to issue a Section 114 notice in relation to balancing the Council's budget from 2023/24 onwards. Significant savings are required and all areas of expenditure have been reviewed, including with the VCFS.
- 1.3 Despite the challenging financial situation, the Executive Mayor has clearly stated his desire to reset the relationship between the Council and the VCFS and to build a new partnership approach, where the Council supports the sector to secure wider investment from other funding sources.
- 1.4 Engagement and consultation has been undertaken to inform a new offer to the sector. The Cabinet Member for Culture & Communities will be outlining this approach to the sector shortly.
- 1.5 This report provides a summary of the VCFS support provided, the ambitions for working with the sector going forward, and a summary of some of the recent changes and engagement.

## **2 RECOMMENDATIONS**

- 3.1** The Scrutiny & Overview Committee is recommended to note the report and the investment made by Croydon Council in the voluntary, community & faith sector.

## **4 REASONS FOR RECOMMENDATIONS**

- 4.1** The Scrutiny & Overview Committee requested information regarding the voluntary, community & faith sector support as part of its budget scrutiny considerations.

## **5 VOLUNTARY, COMMUNITY & FAITH SECTOR SUPPORT**

- 5.1** The voluntary, community & faith sector (VCFS) is a fundamental part of Croydon. It is a key partner in delivering services and support to our residents. There are more than 1,000 registered charities in Croydon. In addition, the local VCFS comprises many other types of socially driven, not-for profit, voluntary and community groups that have a unique role in supporting the borough at a neighbourhood or community level.
- 5.2** The Council has a long history of providing support to the VCFS in a number of ways, including:
- Providing affordable space in the 50 or so of our council buildings that are occupied by the VCFS;
  - Providing support and partnering on specific projects or funding bids;
  - Commissioning services through formal contracts, either ringfenced for VCFS or wider competitive processes;
- 5.3** The Council adopted a VCS Strategy in 2019. Within this strategy the council sought to underpin the relationship with the VCS, responding to feedback from the sector. The strategy recognised that the sector is a vast, diverse range of organisations with their respective remits and priorities. It set out how the Council wanted to work with the VCFS, and the priority areas for joint work. There have been significant changes since the strategy was developed, both for the council and the wider external environment.
- 5.4** Within the adopted Mayor's Business Plan, the Executive Mayor has committed to strengthen collaboration and joint working with partner organisations and the VCFS. The plan recognises that we cannot meet residents' needs on our own, and that in some cases others will take the lead with the Council taking a supportive, partnership role. The Business Plan is clear that we need to work with partners to bring more resources in to the borough, supporting VCFS organisations to support the most vulnerable in our communities.
- 5.5** Further details of the outcome, priorities and actions in the Mayor's Business Plan are set out in section 7 of this report.

## VCFS contract spend analysis

- 5.6** Aligned with the Opening the Books exercise, the Executive Mayor commissioned officers to undertake a comprehensive analysis of VCFS spend across the Council.
- 5.7** Using contract data for 2021/22, this analysis identified 205 contracts with VCFS providers. These contracts had a total value of £25.1m. These included contracts that had been tendered through an open procurement process and won by VCFS organisations, contracts that have been awarded through the Community Fund (ringfenced to VCS providers – further details in next section), and individual packages of care to meet an individual's assessed needs.
- 5.8** When packages of care were removed from the analysis, the remaining value was £14.5m. The 2022/23 approved budget included savings to be made from contracts. As the spend data related to 2021/22, some of the contracts had therefore ended, or were due to end imminently and funding ceased, in accordance with those approved savings. When these were removed, the remaining spend was £11.5m per year.
- 5.9** The table below provides a summary by directorate

Directorate	No. contracts (excl. POC)	Contract value	No. contracts ended/ending	No. contracts remaining	Contract value
Assistant Chief Executive	31	£4,384,668	27	4	£2,666,860
Adult Social Care & Health	33	£2,698,198	26	7	£2,462,068
Children, Young People & Education	13	£2,375,151	3	10	£2,056,965
Housing	9	£3,947,822	1	8	£4,010,109
Sustainable Communities	14	£1,160,182	10	4	£352,995
<b>Totals</b>	<b>100</b>	<b>£14,566,021</b>	<b>66</b>	<b>34</b>	<b>£11,548,997</b>

- 5.10** Investment in the VCSF, however, is constantly changing and new funding opportunities are regularly arising. Recent examples include

- £1.9m distributed to the VCFS through the Borough of Culture
- Approximately £1.85m distributed to the VCFS through the HAF programme since 2021.

- £165k distributed to the VCFS through the Household Support Fund
- £46k distributed through the Asylum Seekers Support Fund.

**5.11** Separate analysis suggested that within the overall VCFS spend, two thirds was spent with national/regional VCFS organisations and one third with local VCFS organisations. However, it should be noted that this distinction is subjective, with many national VCFS organisations having local branches or affiliations.

**5.12** As part of the resetting of the relationship, the Executive Mayor has set out an ambition to support local VCFS organisations to bid for a larger proportion of the Council VCFS expenditure going forward.

**5.13** In order to support this, a summary of the contracts that make up the £11.5m spend has been shared with the Local Voluntary Partnership, a joint project involving VCFS, Health and the Council, to support discussions on when and where contracts might be suitable for local VCFS organisations, and how the Council can best support them through the tender process. In addition to this, the Council is developing its procurement plan for 2023/24, which will identify further contract opportunities that VCFS organisation may wish to consider.

### **Other VCFS expenditure**

**5.14** National legislation provides for registered charities to receive an 80% reduction in the level of business rates payable on any properties that they operate. The Council has previously offered an additional, discretionary subsidy up to 100%. The cost of this, however, has had to be met locally. In 2021/22, 34 organisations received a total of £136k from the discretionary rate relief (this was shared proportionately by the precepting authorities).

**5.15** As the Council reviews all spending as part of the Medium-Term Financial Strategy this discretionary spend is ending at the end of 2022/23. This decision was taken as part of the 2022/23 budget setting and Medium-Term Financial Strategy agreed in March 2022. Going forward, registered charities will only receive the 80% business rate reduction in line with national legislation. Organisations in receipt of this funding were informed of this when awarded funding for the 2022/23 financial year, providing significant notice to prepare for this change.

**5.16** As set out above, the Council supports the VCFS through a range of property provisions, with approximately 50 buildings occupied by VCFS organisations. Some of these organisations have been in receipt of rent subsidy, which supports with some, or in many cases, 95% of the rental costs for the building.

**5.17** In setting the budget for 2020/21, the Council approved a saving to cease funding rent subsidy from the revenue budget and instead draw on the Community Infrastructure Levy to support VCFS organisations with rent subsidy. This recognised that lower rents made it easier for organisations to provide lower rental costs and to support maintenance.

- 5.18** The Community Infrastructure Levy has funded this support for two years following that decision. However, this has required an annual bidding process with significant uncertainty. CIL is intended to support new development and therefore should be prioritised accordingly, and as new development comes forward, expenditure should change accordingly. Therefore, the CIL funding will not be available for 2023/24, and organisations currently in receipt of rent subsidy were advised of this change at the start of this financial year in April 2022 order to provide sufficient time for them to plan accordingly.
- 5.19** The Council has continued to support VCFS organisations with Community Asset Transfers. This provides an opportunity for a VCFS organisation to take on the management and ownership of surplus community assets (such as buildings and open spaces) from the Council.
- 5.20** The Council leases about 50 buildings and plots of land to VCFS organisations and most are on short to medium term leases with shared responsibility for repairs and maintenance. A Community Asset Transfer grants a longer lease (over 25 years). This offers the benefit of long-term security, and also opens external funding opportunities. In return, the VCFS organisation take on full responsibility for repairs and maintenance and agree an appropriate rent.
- 5.21** In 2022/23, the Council completed the Community Asset Transfer (CAT) of Harlow Hall in Norbury. This was completed through a competitive process when the previous lease holder was unable to continue operating the building and brought the number of CATs in Croydon to six with a further two to be completed shortly.
- 5.22** Advice and guidance, along with expression of interest templates and case study examples have all been provided on the Council's website to support organisations considering a Community Asset Transfer (<https://www.croydon.gov.uk/community-and-safety/advice-and-funding-community-groups/community-asset-transfers>).

### **Non-financial support for the VCFS**

- 5.23** In addition to the direct financial investment the Council as made in the VCFS, a wide range of other support is provided to the sector.
- 5.24** The Community & Voluntary Sector team work to support VCFS partnership working and projects, community events and advice and guidance about a wide range of issues. The team also support VCFS engagement across the Council, particularly in relation to any funding opportunities or processes.
- 5.25** The team work with the Council's property service to support VCFS discussions and processes in relation to Community Asset Transfers and lettings. The team also

manages the Assets of Community Value register and application process, supporting communities to secure protections for key assets under the Localism Act.

- 5.26** Partnership working with the VCFS happens across all service areas, ranging from networking and information sharing, to formal joint structures and substantial projects (examples include the Community Safety Partnership, One Croydon and the Local Voluntary Partnership, to name a few).
- 5.27** A range of community engagement activities and networks are undertaken with VCFS partners, as well as wider major community events, such as the Jubilee celebrations, civic events and significant events such as Holocaust Memorial Day.
- 5.28** The Council provides support in relation to external funding opportunities, with officer input, data and performance information, as well as formal letters of support which enable VCFS organisations to secure external funds.
- 5.29** The above gives examples of the non-financial support, but is not an exhaustive list. Joint working takes place across all services and the approach and support will vary depending on the service, activity and situation.

## **6 COMMUNITY FUND**

- 6.1** The Community Fund first launched in 2016. Funding streams from a range of services and sources were centralised into a single Community Fund, with an outcome based commissioning process undertaken.
- 6.2** The current Community Fund was commissioned in 2019, with outcomes and approach based on the adopted VCS Strategy. The contracts commenced from 1 April 2020 with a mix of one year small grants and three year commissioned contracts. These commissioned contracts end on 31 March 2023. Each Community Fund commissioning process was over subscribed and contracts were decommissioned and new contracts commenced as part of the process.
- 6.3** In setting the 2022/23 budget, the Council approved a £400k reduction in the revenue budget for the Community Fund. For the final year of the Community Fund this was replaced with Community Infrastructure Levy funding to avoid in year contract changes. The Prevention Fund and Better Care Fund contributions for the Community Fund were not available beyond 2022/23.
- 6.4** In October 2022 the Council informed the current Community Fund providers that the contracts would be ending as planned, and the Community Fund would not be recommissioned. An initial impact assessment was undertaken in relation to the VCS review (and is published on the Council's website: <https://www.croydon.gov.uk/community-and-safety/advice-and-funding-community-groups/community-fund-2020-2023>) and engagement and consultation undertaken (see section 6 of this report) to identify how the Council could support the VCFS in different ways as part of a new, reset, relationship.

- 6.5** One of the original intentions of the Community Fund was to offer a streamlined and single funding process for the VCFS over a three year period. As set out in the previous section however, investment in the VCFS in 2021/22 was significantly more than the Community Fund. The Community Fund represented less than 10% of the total investment.
- 6.6** This recognises that despite centralising those funding streams within the Community Fund, the majority of investment was from other sources. Often this reflects ringfenced or pilot funding from government, where the Council regularly works with the VCFS to maximise the funding received and allocate it swiftly and fairly. It also demonstrates the potential of VCFS organisations to secure contracts over private sector suppliers through the tendering process. The Executive Mayor has been clear that he wants to provide further support for VCFS organisation to do this.
- 6.7** Services will continue to commission a range of services with the VCFS. These are anticipated to focus much more on supporting delivery of statutory functions than in previous years, in recognition of the Council's need to reduce expenditure and deliver the main outcome of the Mayor's Business Plan: the Council balances its books, listens to residents and delivers good sustainable services.
- 6.8** The statutory carers service, for example, which was previously within the Community Fund, will be commissioned directly by Adults Social Care & Health, maximising the opportunities for alignment and integration with other services. New funding opportunities, which are not based on the Council's revenue budget, are also being investigated for services such as information, advice & guidance and volunteering support across Croydon.

## **7 CONSULTATION**

- 7.1** As a key partner, the Council regular consults and engages with the voluntary, community & faith sector. The Executive Mayor, Cabinet Members and Officers regularly attend partnership meetings, providing updates, joining discussions and answering questions from across the sector
- 7.2** Given that the Community Fund will end at the conclusion of the existing three year contracts, the Cabinet Member for Culture & Communities embarked on a series of meetings with Community Fund providers to understand the impact on each organisation. 18 organisations accepted the offer to meet.
- 7.3** The Executive Mayor has similar been holding a series of meetings with individual VCFS organisations in order to strengthen partnership working and inform the future relationship with the Council.
- 7.4** In both cases, discussions have been productive and a range of actions identified, which are being completed by officers as swiftly as possible.
- 7.5** Finally, a survey was developed for VCFS organisations to share their ideas about how the Council could support them through non financial means going forward.

- 7.6** The feedback from this engagement included two organisations that considered the end of the Community Fund would mean the closure of their service. However, both of these had alternative bids in the pipeline and were hoping to secure alternative funding and/or had ways to reduce their overheads. At the other end of the spectrum two organisations said they knew it was coming and had already secured funding to continue their services, and many organisations had plans to take a similar approach.
- 7.7** The majority of the providers fell somewhere between these two points and whilst they were disappointed, most appreciated the reality of the council's finances and accepted the situation. These 121s generated lots of good ideas that will inform the council future support offer to the VCFS.
- 7.8** There was recognition from many organisations that the Council had continued to provide significant support and investment in the VCFS where other Councils had reduced this. Benchmarking is very challenging in this area, with no national datasets and huge variation in where teams and resources are placed within Council structures. When the Council last undertook benchmarking in 2019 by contacting other London boroughs, only one other Council offered the same breadth of support as Croydon Council.
- 7.9** Many VCSF organisations were also reviewing the areas of expenditure, and looking at opportunities to reduce costs through the use of alternative accommodation or joint working.
- 7.10** The Council has, through the Borough of Culture activities, offered support and training in relation to bid writing. Most organisations stated that they did not need further training or bid writing support, and felt confident in developing funding bids. They saw substantial benefit in having references and letters of support from the Council when doing so. Training and briefings on tenders and the Council's tender portal were identified as being useful.
- 7.11** Many organisations highlighted the benefits that their services provided to the Health sector, but were not always receiving funding from health partners. This feedback has been shared with health partners and will need to be considered through key partnerships such as One Croydon and the Local Voluntary Partnership.
- 7.12** All feedback is informing the new offer to the sector. The Cabinet Member for Culture & Communities will be outlining this approach to the sector shortly.

## **7. CONTRIBUTION TO COUNCIL PRIORITIES**

- 7.1** The main outcome within the Mayor's Business Plan is that the Council balance its books, listens to residents and delivers good sustainable services. One of the priorities within this outcome is to strengthen collaboration and joint working with partner organisations and the VCFS.



## **7.2 The Mayor's Business Plan states**

*the Council will not be able to meet residents' needs on its own. In some cases, others will have to take the lead in future, with the Council stepping back to adopt a supporting, partnership role. To achieve the outcomes Croydon needs, we must join efforts with all partners from the business, statutory, and voluntary sectors to bring more resources to the borough and to support and empower our communities to help themselves. The voluntary, community and faith sectors (VCFS) have an excellent track record of identifying local issues and reaching out to the most vulnerable in our communities. With its partners in the statutory and business sectors, the Council will build support for community and faith groups that play this vital role.*

## **7.3 Within this priority the Business Plan sets out some key actions that we will take in relation to the VCFS:**

- Create closer relationships and joint working between the Council and our partners through revitalised partnerships.
- Work with our partners to support bids and bring new funding to the borough.
- Empower local VCFS organisations to bid for council contracts and opportunities.
- Transfer council-owned buildings to management by VCFS organisations where appropriate.
- Work with the health sector to provide coordinated support and funding for the VCFS.

## **7.4 These actions inform the new approach that the Council will take to working with the VCFS and resetting the relationship between the Council and the sector.**

# **8. IMPLICATIONS**

## **8.1 FINANCIAL IMPLICATIONS**

**8.1.1** There are no direct financial implications arising from this information report. The changes in VCS funding were approved as part of previous budget setting and Medium-Term Financial Strategies.

**8.1.2** The Transformation Programme includes a VCFS review which seeks to identify savings by identifying alternative funding streams instead of revenue budget.

**8.1.3** Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. (19 January 2023)

## **8.2 LEGAL IMPLICATIONS**

**8.2.1** There are no direct legal implications arising from this information report.

**8.2.2** Insert at the end of the legal section: Comments approved by Sandra Herbert, the Head of Litigation & Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (19 January 2023).

### **8.3 EQUALITIES IMPLICATIONS**

**8.3.1** As a public body, the Council is required to comply with the Public Sector Equality Duty [PSED], as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.

**8.3.2** Croydon's VCFS are vital to many of our residents in particular those focused on equality characteristics. Support is provided to organisations working with racialised groups, LGBT+ community, Disabled people and carers.

**8.3.3** A partnership relationship has enabled the Council to support VCFS organisations to work with many of our residents in the most need by commissioning services and also providing support in relation to premises by providing physical space, discounted rent and reduced business rates.

**8.3.4** Though financial needs have resulted in different financial support to the sector, the Council will continue to champion the VCFS sector in Croydon and continue the existing partnership through events and projects..

**8.3.5** Comments approved by Denise McCausland, Equalities Programme Manager. (19 January 2023)