

# Voluntary and community sector review - working together in a more difficult financial climate

September 2010



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# 1 Foreword



Councillor Hayward  
Communities, regeneration  
and equalities

One of Camden's greatest strengths is its vibrant voluntary and community sector. With higher numbers of organisations and higher levels of volunteering than most of the country, it's clear how important the sector is to our communities. The contribution that the sector makes has been recognised through significant funding and support from the council.

Against a backdrop of government cuts and financial uncertainty for many residents, the role of VCS organisations will be increasingly important to ensure our most vulnerable residents are not left behind. For this reason we are committed to strengthening the resilience of the sector to help meet these challenges. However, we must face the financial reality of reduced public sector funding, and find new ways of supporting our local VCS that go beyond the financial. We should be enabling local organisations to find new ways of accessing funding, resources, and support.

Camden's VCS review is not about "who gets what funding" – it is a statement of intent that we need to develop a stronger working relationship with the sector to meet the significant challenges facing our borough. This will mean the council changing the ways it works, and it will mean that local organisations will have to do the same.

In this consultation document, we have set out our understanding of what our local VCS does for Camden, what role we have in making sure that impact is as strong as it can be, and setting out a range of options for how we can change to keep this alive in a time of reduced funding for all parties. The suggested ways of working in this document have been developed through detailed conversations with the sector over a number of months spanning two administrations.

The voice of the sector has been invaluable in shaping the ideas in this document. We now hope that Camden's VCS organisations and interested residents can help deliver a support package that further unlocks the potential, dynamism and innovation that so evidently resides in Camden. Together we can achieve this so that the people in Camden, particularly the vulnerable, can access the services they need to live in a time when they will need them the most.

## 2 Introduction

Camden Council has been reviewing how it supports and works with voluntary and community sector (VCS) organisations in the borough. At the heart of this review has been a desire to better understand what impact we have on how local organisations operate and deliver services, what we do well, what we don't do well, and how we can change things for the better. This work has been set against a backdrop of significant financial uncertainty for both the public sector and the VCS – without any doubt, both sectors will have to learn how to operate in a reduced funding environment and this has had a strong influence on our work during the review.

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Although the main purpose of this piece of work is to review how we fund VCS organisations, we recognise that thinking in purely financial terms could lead to decisions that sacrifice long-term benefit from the sector in favour of short-term gains. Our review has therefore been as much about protecting, and indeed increasing, the value of our relationship with the VCS, as it has been about adjusting to a world where public funding will reduce dramatically.

The purpose of this document is to provide you with a summary of the journey we have been on over the past year, the findings we have made, the conclusions we've come to and our suggestions for better supporting the VCS in the future.

Throughout this process we have listened closely to representatives from across the VCS in Camden, and have made sure that the discussions we have had have been reflected in our understanding and proposed options. We need your help again to provide feedback and challenge to our proposals so that we implement a package that works for the council, works for VCS organisations and most importantly works for the people we serve.

The consultation period for these options will close on **Wednesday 24 November 2010**. Details on how to respond can be found at the end of this document.

## Camden – the council and the voluntary and community sector – what we know

**The National Council for Voluntary Organisations (NCVO) identifies the following distinctive characteristics of VCS organisations:**

- self-governing organisations, some being registered charities, some incorporated non-profit organisations and some outside both these classifications
- a great range of size and structure of organisations
- work delivered for the public benefit, beyond the membership of individual VCS organisations
- independence of both formal structures of government and the profit sector
- an important reliance on volunteers to carry out its work.

However, we fully recognise that the diversity of the VCS in Camden goes beyond headline categories; it encompasses a mix of organisations, including those that act as local hubs (such as community centres), small groups supported by volunteers, larger organisations that are based in Camden, and organisations that combine charitable purposes with enterprise. Each of these organisations has unique needs, challenges and impact on their clients.

Camden is home to a particularly large and diverse sector; it is made up of around 2500 organisations that operate on a local, regional, national and international basis. In Camden there are 10.96 organisations per 1000 residents compared to a national average of only 3.38. This is also reflected in the strong levels of resident engagement in the borough, with 24.7% of residents regularly volunteering, the second highest in London.



The council has a track record of recognising the importance of VCS organisations, and has demonstrated this in several ways. We have worked with the sector to revise and improve our local compact, actively promoted longer-term funding to help business planning, and committed to regular liaison meetings with VCS representatives. In addition, we commission around £51m of services from VCS organisations every year (of a total commissioning sum of £415m).

The council is more than just a commissioner of services though; local organisations will often have other relationships with the council that have their own characteristics, and bring their own value. We have identified three other main relationships that VCS sector organisations have with the council and which are important to how we meet our public duty to serve and support local residents. We recognise that these relationships often overlap.

- **Civic organiser** – organisations, typically run by volunteers, that tend to provide localised services ensuring that the most marginalised residents are not left behind and have a voice that can be heard. They play a civic role in promoting social cohesion, and helping people access the services they need.
- **Delivery partner** – typically contracted by the council to provide services on behalf of the council, or services that are primarily delivered by VCS organisations. Contract values might range from about £20k to £1m per year and include large delivery organisations such as registered social landlords contracted by the Supporting People team.
- **Tenant** – the council has a significant property portfolio with over 100 properties occupied by VCS tenants – a number of these tenants also receive funding support. These properties are for public benefit and we work with our VCS tenants to ensure that the facilities and services provided from these buildings are fit for purpose and meet local needs.

It is clear that we have a diverse relationship with our local VCS and that these organisations are integral to how we operate. However, despite the high levels of investment and resident engagement, according to a survey carried out in 2009, Camden is one of the worst performing boroughs for promoting an environment for a thriving third sector (National Indicator 7). Although flaws have been identified in the methodology used to calculate this indicator, the results received nationwide at least open up the debate on how strongly local authority funding influences a thriving third sector, compared to other forms of support.

**Your views:** Have we identified the main relationships that the VCS has with the council, and if not which other relationships would you identify?

# 3 The 2009/10 voluntary and community sector review

## **Our main objectives for this review have been to:**

- Assess the impact of the Culture & environment (C&E) commissioning fund (including rents and Discretionary Rate Relief) and come up with options for getting the most out of council funding and support for the VCS;
- Generate policy options that not only mitigate the effects of any reduction in funding from any directorate, but also further support and strengthen Camden's VCS for the benefit of local residents;
- Implement and promote a more consistent and efficient approach to how the council works with the VCS across the different directorates.

We started by learning from the impact of the changes implemented in 2007 when we last reviewed how we funded/commissioned organisations through the C&E managed programme. Initially this involved a mixture of desk-based exercises to review programme monitoring information, cost benchmarking exercises across funding categories, and a mapping exercise to understand exactly how much the entire council contracts out to the VCS. We also looked at how well the information we collect evidences the impact and value delivered by VCS providers.

## **Mapping our investment**

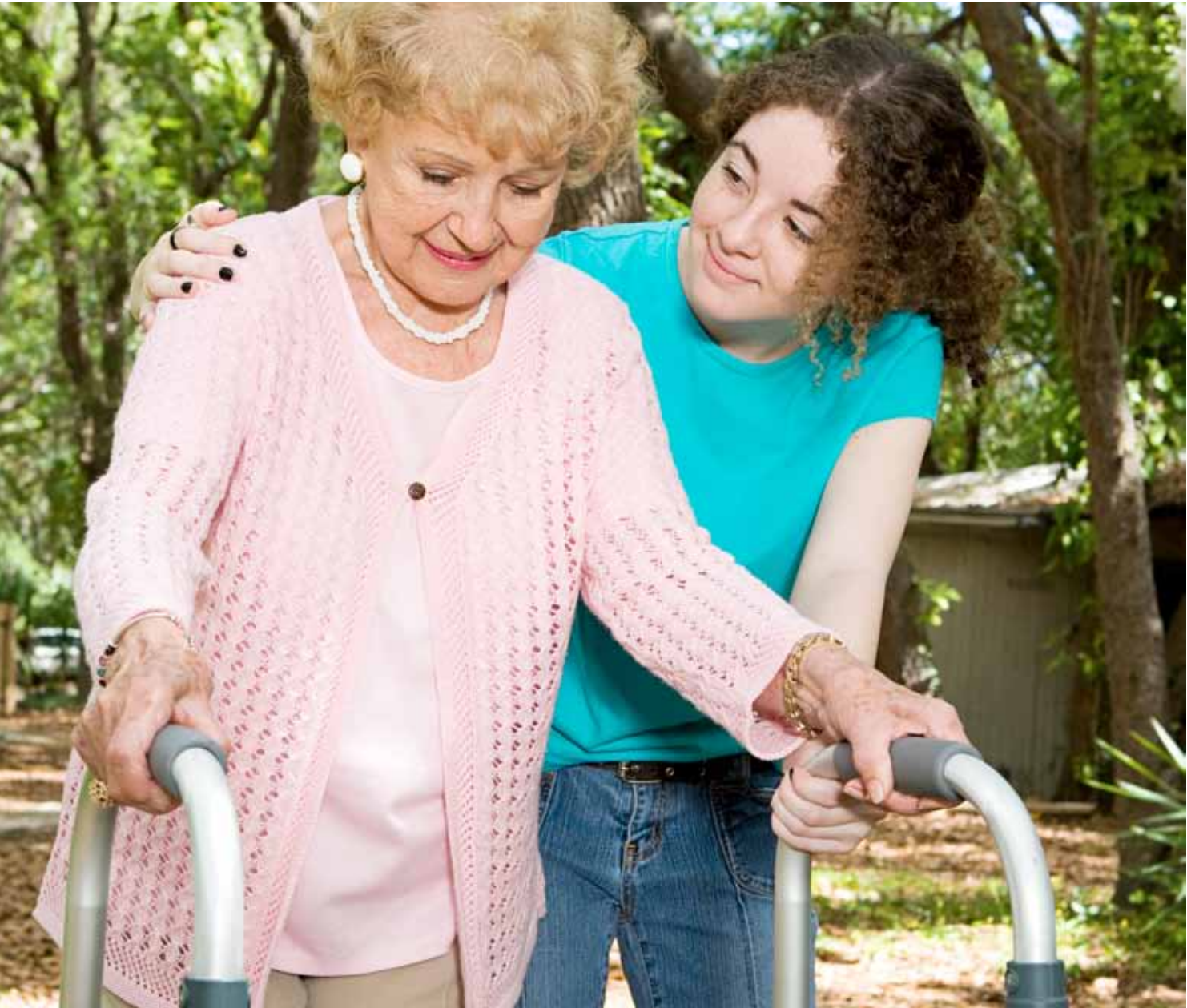
We carried out a desktop exercise to understand how the council's overall expenditure on the VCS is distributed. Of the £51m that we spend, £34.2m is commissioned through the housing & adult social care (HASC) directorate, £8.4m through children schools and families (CSF) and £8.2m through C&E of which £6.2m is funding provided exclusively for the VCS. The majority of expenditure is on service specific commissions, with contracts ranging from as little as £1,800 per year up to £1.05m per year.

Through this exercise, we found that there were multiple examples where organisations were funded by more than one directorate e.g. approximately 50% of the organisations commissioned by C&E are also funded by/have contracts with another directorate. Not only did this highlight inconsistencies in commissioning practices across directorates, it also emphasised the complex funding dynamics that operate between the council and VCS organisations, and the concerns amongst colleagues over what money buys which services.

We also found that in total we have a direct relationship (through financial support or otherwise) with approximately 220 organisations, which is less than 15% of the total voluntary and community sector population in Camden. This could go some way to explaining why Camden's national indicator 7 results are so low – with so many organisations in the borough it is difficult to interact with all of them. However this also presents a challenge to the council in ensuring that opportunities are not missed.

As well as expenditure, we tried to explore the key issue of what value our VCS providers bring to the borough. More than anything this exercise showed us that our processes for gathering learning and insight on the impact of our investment are, at best, inconsistent. From the information provided through monitoring forms and service plans, it was difficult to paint a picture of the value and impact that our funded organisations brought to the borough, and the reason for this was embedded more in the questions that we ask as a council rather than the answers we receive.

Although this work provided a strong initial evidence base for understanding Camden’s VCS, it also highlighted that the systems put in place in 2007 to provide greater clarity on need and impact, while better than before, did not generally give us enough information to understand what value is delivered by VCS providers.





## Furthering our understanding

Following our mapping exercise, we were faced with several questions that required further exploration before we could consider proposing changes to the way we do things in Camden. These questions included:

### ***How can we better learn from and understand the impact of VCS organisations?***

This has involved us evaluating and building on some of the pioneering work we have carried out around outcomes based commissioning, and researching the possibilities of other tools and methods for measuring the difference made to people's lives by our commissioned organisations. As well as more formal tools such as outcomes based measurement and social return on investment (attaching a value to the social benefit achieved through services), we have taken the opportunity to work directly with some organisations to better understand what information they find useful and unlock the potential that can often be hidden by more prescriptive monitoring requirements.

### ***Are we providing the right support to organisations in Camden?***

We have challenged whether the wider package of support we provide through our capacity building offer and strategic liaison functions are fulfilling their potential, and meeting the needs of the local sector in general. We have done this through a mix of feedback from local organisations, internal colleagues and evaluation of the difference we have made to groups that have come to us for help. This has also involved us exploring other ways of supporting the sector; should we be investing more closely in some organisations to help them grow into strong independent providers rather than just commission services? With the increase in local residents having "personal budgets" to spend on services, should we be helping local organisations to meet these emerging demands? Can we work with organisations to help them better realise the potential of their resources, for example the Camden Shares approach where organisations can network with each other to share and exchange resources?

### ***How do we fit into the wider VCS funding landscape in Camden?***

It is often said that local authority funding plays a key role in "levering" in external funding for local organisations. However, as a funder we have an under-developed understanding of how we fit into the wider funding landscape. This is most evident in the monitoring requirements that we make of our funding agreements, which rarely if ever align with those required of other funders who contribute to similar projects. In exploring this area, we have also been able to consider different ways of funding the sector that are being discussed at a national level, such as social loans, different matched-funding approaches and the potential of new funding agreements between local government, central government and local providers. A greater understanding of the wider funding landscape is essential in a climate where we are not the only funder that will be facing financial pressures and local organisations risk seeing reduced funding from a number of sources at the same time.

### ***Do we get the best out of the community buildings that we own?***

Within the borough, the council is responsible for a number of buildings and within our portfolio we provide a wide-range of properties to VCS organisations for the benefit of local communities. However, we do not have a consistent approach to our property portfolio, whether it concerns rent levels and lease agreements, the maintenance and redevelopment of properties, or the appropriateness of where services are delivered from given the changing make-up of the borough. Our research has not only allowed us to challenge our role as “strategic landlord” but also explore new ways of providing community space such as asset transfer.

### ***How easy is it for VCS organisations of all types and sizes to do business with the council?***

This has been a challenging question to answer, not only in terms of self-evaluating how we interact with current funded/commissioned organisations, but also how easy it is for organisations that do not have an historical relationship with the council to access funding and contracts. By working closely with colleagues carrying out a wider review of council procurement practices, we have been able to build a comprehensive picture across the council of how we do business, where we create unnecessary barriers, and how we can be more open to new solutions to issues in Camden proposed by VCS providers.

In answering these questions, we explored several emerging issues in more depth, which has helped us to identify recurring issues in how we support the VCS. This process has allowed us to seriously challenge our traditional understanding and assumptions about our relationship with Camden’s VCS and evolve our thinking in how to develop this in the future.



## Engaging our partners

As well as exploring best practice across these areas, the review has been supported by a number of engagement events held with representatives from Camden's VCS and staff across the council. These events have allowed us to not only get direct input from organisations on what does and doesn't work in Camden, but also provided us with a forum to discuss ideas that we have generated and test their viability in the current climate.

All feedback from these events has been used to influence our understanding of our local VCS and our approach to new ways of working. Where possible we have tried to carry out more targeted consultation e.g. carrying out interviews with community centre managers to get a better insight into their wider remit, interviews with advice providers to understand organisational capacity, and a trial residents survey to pilot new ways of learning about the wider impact of VCS provision.

As well as specific consultation events, we have been working together across the council to make sure that all officers who have a close link with the VCS have been involved in the whole review process. This has seen the creation of a number of new working groups that bring together service commissioners in a way not seen before which is already having a positive effect outside of this review, particularly in promoting more joined-up thinking on initiatives such as the council's review of its property portfolio, the review of youth provision across Camden and our review of procurement practices across the council. This has also led to the creation of a cross-council group of service commissioners who have begun to more actively share information, concerns and good practice across the council.



## 4 What have we learnt?

This section gives a flavour of some of the lessons we have learnt in carrying out this review.

Generally, across the council, the role of local organisations is defined by **commissioning relationships**. Because of this, there is a danger that we see VCS organisations solely as an extension of public sector service provision. This ignores the wider impact that these organisations have, and the potential they have in identifying localised needs, changing trends within the borough, and the added value they bring to promoting social cohesion in Camden.

Across our engagement events, when asked about whether the current **reporting arrangements** adequately demonstrate the impact that their local organisations have on their client communities, the overwhelming response was that information reported is insufficient. Organisations have also highlighted that their reporting duty is not confined to the C&E programme; there are often in-depth reporting requirements for other council commissioned services, as well as evaluation reports that are sent to other funders. The council does not act like one organisation in terms of reporting/funding monitoring.

At the moment there is little co-ordination between the information requested by each of these different funders, despite the fact that there is a common interest across all the funders in the range of activities and impact that organisations have on their local area. This has also been identified by officers within the council who recognise that communication between service areas and with providers could be improved.

Although there is clearly potential in increasing the role of VCS organisations in meeting public service demands, we recognise that there are no “quick wins” or “easy solutions”. For example, **the use of volunteers** is often seen as one of the main strengths of VCS organisations, not only because of the perceived no/low cost nature of the support, but also because local communities can directly influence and contribute to the services they receive. Feedback from the sector has however highlighted the potential workload that comes with volunteers. In key management areas, volunteers are not seen as a replacement for paid professionals.

The **role of trustees** was identified as a significant contributor to the organisational strength of organisations, not only because of their closeness and dedication to the local area, but also because of the wealth of skills they bring with them. For example, one community centre described how the professional legal and architectural skills residing within their board helped to significantly reduce their professional costs in planning building expansion works.

We have learnt that the council could be doing more to support **collaboration** and shared use of resources. The Camden Shares initiative is one way of growing this in the future. Camden Shares is a community network of organisations, groups and individuals, based on a time-bank model (where hours volunteered translate into credits). Members 'donate' resource and capacity to the network in a time economy and receive the resource back that they need. Through Camden Shares, services are opened up, creating greater opportunities and partnership potential.

**Generating income** from "commercial" type activities is increasingly being seen as an opportunity for VCS organisations to supplement funding/contract income. Across many of the organisations consulted, ideas were being generated for raising future income. However, it is clear that the implementation of these ideas comes with its own time and resource implications, which for many organisations already at full capacity is a major challenge.

Expansion brings with it expenditure challenges as well as income opportunities, and across the sector there is an awareness of the need to strike a **balance between commercial professionalism, while remaining community based organisations** that support local need. This difficult balance needs to be recognised by all funders, including the council.

Overall, we feel that there are plenty of opportunities for improving support and relationships with Camden's VCS. But any change needs to have collaboration at its heart in order to ensure that any future initiatives are sustainable and do not lead to unexpected and unreasonable pressures on local organisations.

**Your views:** Do you think we have identified the right issues and if not what do you think are the gaps in our understanding?

**Your views:** What do you think the value is in having a council team that supports commissions and leads relationships with the VCS in Camden? Does the support provided by the council suit your organisation's needs?

## 5 Principles for a better future

As well as identifying key areas where we can change things for the better, we have come up with four guiding principles against which we feel our options and our whole relationship with the VCS should be judged:

- Fostering a more collaborative, equal relationship with Camden's VCS, based on investment, understanding value and more joined up approaches to challenges and solutions between directorates and across sectors
- Focusing council support (financial or otherwise) on success and innovation across Camden's VCS to reduce public service demands/costs
- A commitment to measuring outcomes, impact and gaining understanding on what is being achieved as well as what is being done
- Promoting sustainable income streams for Camden's VCS through promoting enterprise, practicing full cost recovery (FCR) on council contracts, and exploring new funding/investment models

These principles will define the "how" in developing new approaches to commissioning and supporting VCS organisations, and will be the yardstick against which we will be held accountable both by the sector and by ourselves.

We are keen to hear if these principles reflect your organisation's ambitions and desires for future work and relationships with the council, and if not, how you would like to see them developed to ensure that we are best equipped for the future

**Your views:** What are your views on the principles identified on page 14 which outline future ways of workings with the VCS in Camden? Do these principles suit your organisations and if not please explain why?

**Your views:** How do you see the council and the VCS in Camden working together in the future?

## 6 A new offer for Camden's voluntary and community sector

The following section sets out a number of options for how we think the council could operate differently to:

- increase value and impact from our relationship with the sector
- support Camden's VCS where it is needed most
- allow the flexibility to operate in differing funding climates

The options have been divided into several themes that we feel we need to change in order to better meet the needs of the borough. These themes are:

- C&E funding to the VCS
- Developing our relationship with community centres
- Capacity building
- Property, rents and VCS organisations
- Working together: better approaches to commissioning and working with the VCS

We would like you to consider the issues we have identified against each theme, the options we have proposed, the options we consider to be the most positive way forward, and let us know if you feel they meet the challenges that have been identified throughout the review. These options are intended to be seen as a "suite", or package, of support for the sector and it is our intention that whatever is agreed to be implemented will feature one or more options from across the themes.

We would like your feedback and challenge to our proposals so that we implement a package that works for the council, works for VCS organisations and most importantly works for the people we serve. When assessing the options under each section, we would be grateful if you could answer the following questions.

### ***Your views:***

1. What are your views on the draft options?
2. Do you agree or disagree with the recommended options, please explain why?
3. How do you think these options will impact individuals from the six equality strands (race, gender, disability, sexual orientation, faith and age) and vulnerable people?
4. If you are an organisation working solely with an equality group, how will the different options affect your organisation and which options do you think work better?
5. If you think that equality groups, vulnerable people or organisations working with equality groups will be negatively impacted by this option, how can this negative impact be minimised?

## a) C&E funding to the VCS: issues and options

We currently provide a pot of funding that is distributed exclusively amongst VCS organisations and managed by C&E. Although the funding is used to commission services/outcomes, the funded provision is entirely discretionary and serves the dual purpose of commissioning services against local need, and supporting a strong local VCS.

When we moved from a grant-making scheme to a contracts and Negotiated Funding Agreement (NFA) framework in 2007, one of the main predicted benefits was that we would have a greater understanding of what commissioned providers were delivering and what impact they were having. However, evaluation and research to date through the review suggests that neither the structure of the contracts and NFAs, nor the monitoring requirements made of organisations are providing sufficient clarification on the value delivered by Camden's funded organisations. Underlying this has been the difficulty from both sides to come to an agreed understanding and culture on commissioning relationships.

The emphasis on monitoring and delivering outcomes is not new to local government or VCS organisations. In fact, outcomes were built into the contracts and NFAs at the beginning of the last funding round. However, the outcomes included in the agreements are often divorced from any analysis of need or co-ordinated approach to tackling borough specific problems, or borough specific priorities.

Unlike an outputs focus which counts units of service delivery and process milestones, outcome measurement examines impact and helps identify what works and which services are making a difference. An outcomes approach enables the impact of a service to be evidenced by quantifying the resulting change. At a time of declining public and charitable sector budgets, the ability to demonstrate real outcomes and measure what difference has been made links directly to better value for money, contributes to higher level policy priorities, and ultimately makes the case for continued allocation of resources.

This is of particular importance for smaller organisations that bring a strong element of "added-value" to the services that they provide, but find it difficult to articulate this through traditional "activity-based" reporting required through the majority of council commissions.

We believe that any development in policy should look to improve understanding of the value of the VCS, and explore possibilities for new funding arrangements.



**Option 1: Retire current funding categories in favour of an outcomes based programme, where applicants co-produce outcomes agreements to meet needs under themes that reflect local priorities and challenges**

**What this means:** All current C&E funding agreements will come to an end from December 2011. Funding will be divided amongst identified borough priorities according to where the Local Strategic Partnership sees the greatest need. Applicants will be invited to evidence a specific local need against these priorities and work with the council to agree outcomes for achieving impact. Applicants will also work with the council to create appropriate measures for evidencing the achievement of these outcomes.

**Option 2: Maintain current funding categories with an agreed reduction in funding across the board in line with wider council funding pressures**

**What this means:** The current categories used to commission VCS organisations are used as a framework for the new round. All current agreements would come to an end, with applicants required to evidence their impact against the category headings. All categories will be subject to reductions in line with the council's overall funding decision.

**Option 3: Mainstream all commissioned provision within service budgets across the council and implement a supplementary grants programme targeted at supporting local VCS groups**

**What this means:** Funding through C&E is redistributed to service areas responsible for commissioning similar services. Where funding is not directly attributable to a service area (e.g. infrastructure and networking) this will be used to resource a smaller funding programme primarily to support local organisations.

**Option 4:** Implement a “social innovation fund” that is targeted at new ideas and organisations, complements market-making initiatives and trial new funding methods

**What this means:** A fund is made available to VCS organisations that have identified a new solution to a need within the borough. Funding will be available for one year and will be treated as an “investment” to help the organisation grow its idea. Learning from the investment will be used to help organisations access mainstream commissions across the council. The council will work hard with local partners to “lever” in additional finances for this fund (e.g. through corporate social responsibility) in order to make the funding more sustainable and promote relationships across the sectors in Camden.

**Recommended options:** options 1 and 4

These options allow the council to continue directly supporting the VCS while setting in place agreements and tools for unlocking the value of the sector, facilitating learning and better monitoring of impact. They also provide a way of introducing the concept of “investment” into the council’s support to the sector and could provide a vital tool in identifying new markets/solutions to high expense areas of public service delivery

## **b) Developing our relationship with community centres: issues and options**

Our research shows that we have four main relationships with community centres: landlord (property services), core-cost funder (C&E), commissioner of services (C&E, CSF and HASC), and advocate (both through C&E and local councillors). In the past these roles have been blurred, which has led to complicated relationships between ourselves and community centres.

Although there is a greater understanding of the role of community centres amongst officers who directly support the VCS, generally across the council the role of community centres in Camden is defined by commissioning relationships. Because of this, there is a danger that the council solely sees Camden-based community centres as an extension of public sector service provision, rather than independent organisations that are primarily driven by their communities.

This ignores the wider impact that centres have, the potential they have in identifying localised needs and changing trends within the borough, and the added value they bring to promoting social cohesion and trust and reducing isolation and exclusion. As a council we need to be aware that we get more for our funding than is reported, and that we need to work more closely with community centres in order to maximise this potential in the future.

However, in order for this to be achieved, colleagues across the council will need to provide their perspectives on the needs and service within a neighbourhood, and this input will need to be counterbalanced with local information and understanding provided by VCS organisations. Examples of joint approaches between community centres and mainstream council services are already in development, for example, through a pilot of a partnership model for youth provision between several community centres and the council.

Although community centres share some common features, each one in Camden is unique; for example different building sizes and facilities, locations and catchment areas. This is not sufficiently reflected in our funding agreements or monitoring regimes, where performance monitoring has failed to demonstrate how much impact a community centre has on its local community. What evidence we do have (local and national studies, anecdotal feedback) suggests a wide spectrum of perceived 'value' across the range of individual centres, however this inconsistent approach has led to a general frustration from Camden community centres that the council doesn't fully understand what they do, or how they operate.

There is a challenge for the council to not only make all funding arrangements with community centres fair and transparent, but also to build better working relationships across the board that go beyond service delivery and help define strategic approaches to neighbourhoods within the borough.

**Option 1:** The creation of a cross-council community centre liaison group responsible for a strategic overview of commissioning with community centres, and to work closely with community centres to find joint solutions for local issues

**What this means:** It is proposed that the council leads on setting up and facilitating a group of senior commissioners/officers made up of representatives from CSF, HASC, Place Shaping and C&E services. By doing this, the council would be able to take a much more strategic approach to what provision is commissioned from community centres, integrating community centre services with other local providers and matching physical locations to localised need.

**Option 2:** Implement and enforce a council-wide policy of building acceptable “on-costs” into all council commissions with community centres

**What this means:** It is proposed that where a council service enters into a contract for service provision, the council will commit to pay the full cost of that service to the centre, including any incurred on-costs, even where the centre is provided with a funding contribution from C&E.

**Option 3:** Create a dedicated community centres fund that would include conditions (though not requirements) for tapered funding and the awarding of funding extensions.

**What this means:** The council diverts an agreed amount from the main C&E funding programme for a dedicated community centres fund. Applicants to this fund would apply for three year funding agreements, however if during any year of the funding period they are able to return 10% of the annual award, the council would automatically guarantee a year extension (maximum extension available three years) at the 10% reduced level. After the initial three year period, grants would revert to one year agreements for those who have not guaranteed extensions.

### Recommended options – options 1, 2 and 3

By applying a combination of the options laid out above, the council can clarify the terms of its support for communities, be open and transparent about current and future cross-subsidies, and take a more “one-council” strategic approach to the support and delivery of community centre provision in Camden, while at the same time encouraging savings.

### c) Capacity building: issues and options

Front line VCS organisations by their nature focus heavily on service delivery as this is seen as their primary role and little time or resources from within organisations is devoted to organisational/institutional development. Capacity building has a significant role for the VCS in developing organisational resilience and helping to meet the needs of their service users while managing often stretched and limited resources.

We currently support capacity building in Camden through a mixture of in-house support and externally funded organisations (under the Infrastructure and Networking commissioning category). This covers a wide range of support from one-to-one “business” advice and support to wider networking and representation for the sector.

This arrangement has helped to build knowledge of the sector amongst commissioning colleagues within the council, allow the most needy organisations to access free support and advice, help lever external funding into organisations, and build stronger working relationships with the council.

However, given the limited resources available, the offer is often reactive, meeting the needs of organisations in crisis, rather than identifying and supporting organisations to build on their success or consolidate their position. Alongside this, there is no common strategic vision for the our entire capacity building offer, which sometimes means poor co-ordination between external and in-house provision, and no clear criteria for targeting the council’s limited resources.

We also need to explore the potential of working with other capacity building providers and the sector itself to maximise the potential of other offers for local groups. In an environment where the public sector, as well as the VCS, will be under strong financial and organisational pressures, we will need to have better understanding of what impact we can have on the sector’s capacity and whether this is justified by the amount of resources we commit to it.

**Option 1:** Split in-house and external capacity building provision, with in-house capacity building supporting outcomes based commissioning, community centres and/or a social innovation fund, and commissioned external provision supporting networks and representative groups

**What this means:** Capacity building is consolidated into two functions, one in-house and one externally commissioned. The externally commissioned function will provide influence and connect functions (engaging and representing communities, and promoting networks amongst VCS organisations) and could be delivered by one local VCS provider or a consortium of providers.

The in-house service will be provided by the council and focus on delivering organisational capacity building and market-making functions. This support will be linked to funding programmes and focused on organisations capable of transformational social impact, developing more enterprising approaches and supporting new innovative models / service design across the council.

**Option 2:** Consolidate all current capacity building expenditure into one in-house service providing “transitional support” for all organisations adversely affected by council funding reductions.

**What this means:** Depending on the proportion of funding reduction to the sector, consolidate all capacity building resource into a single in-house capacity building function that is targeted at supporting groups and organisations seriously affected by council funding reductions and enable them to better adjust to the new environment.

**Option 3:** All council capacity building support to be commissioned from the VCS, including “one to one” capacity building support and infrastructure and networking support.

**What this means:** The council no longer provides an in-house capacity building service, but instead commissions capacity building on an outcomes basis. Organisations (including those currently funded through “Infrastructure and Networking”) would be encouraged to submit bids that provided a more co-ordinated and holistic approach to capacity building support for Camden organisations. The council’s role would be more that of contract manager and independent evaluator to assess the effectiveness of the contract.

**Option 4:** Withdraw all funding for capacity building support including current in-house offer and externally commissioned provision.

**What this means:** The council discontinues its funding for internal and external capacity building support. VCS organisations that require help will access this from third-tier organisations such as London Voluntary Service Council (LVSC), London Advice Services Alliance (LASA) and National Council for Voluntary Organisations (NCVO) who provide generic and specialist ad-hoc advice.

### Recommended options – option 1

Introduces a more coherent commissioning relationship around capacity building provision so that the council can target its resources towards priority areas/areas of need, focusing on success and make it easier to evaluate impact.

## d) Property, rents and VCS organisations: issues and options

We make a huge investment in our local VCS through the number of properties made available to the sector, often at a subsidised rate. Despite this significant investment, the landlord/tenant relationship with the sector is possibly one of the most complex and least consistent. We let property to a wide range of VCS organisations – current more than 100 - from national organisations that pay full market rent, to small community groups that pay minimal or no rent at all. Most organisations have formal lease agreements, however some have no agreement in place at all; some organisations have long-standing rent agreements, some have had recent rent reviews. This varied landscape has grown over many years, leading to inconsistencies.

As such, some organisations have experienced difficulties in meeting their rent costs to the council. The 2007 Executive awarded fixed budgets for 3.5 years, but rent levels were not fixed for the same period. Since 1st October 2007, a number of rent reviews have seen the actual rent charged increase, however the grant provided to cover this has become insufficient. Organisations are liable to pay the difference between their rent grant and the actual rent, which in some cases has proven difficult, leading to rent arrears.

Many organisations commissioned by C&E do not appear to have made adequate provision for rent rises. This applies both to organisations with rent grants (where they are now liable for the shortfall between rent and grant) and those without (where provision for rising costs should have been built into tenders for contracts).

As well as ensuring that fair, transparent and formal lease agreements are in place (often essential for VCS groups seeking funding), both sectors need to be ready for the challenges presented by ongoing development in Camden, and ensuring that both properties and services are fit for purpose and meet local needs. The council is undertaking a review programme of all its property within the borough in order to achieve this and to unlock value from the council's property portfolio. Both the council and the VCS will have to be prepared for a future where there may be fewer community-purpose buildings, but of higher quality.

In moving forward with new options, we recognise the need to simplify our rents policy and make it work for both VCS organisations and the council so that best value can be achieved for all residents.



**Option 1:** All tenants in council properties will be required to pay rent. Rent concerns will be reviewed on a case by case basis and will involve positive support to meet rent commitments. There will no longer be a rents grant process.

**What this means:** The council will no longer provide rents grants to VCS tenants. All rent agreements will be reviewed and, as a responsible landlord, we will work with organisations that feel they may have difficulty meeting their rent commitments. Although rent grants will not be available, the council will be open to the renegotiation of rent levels, negotiating payback periods, and supporting the organisation to identify alternative income to meet rent requirements.

**Option 2:** All tenants in council properties will be required to pay rent. Where a VCS tenant has a commissioning relationship with the council, appropriate rent costs will be covered through the commissioning agreement(s).

**What this means:** The council will no longer provide rent grants to VCS tenants. When applying for and costing commissioning applications with the council, organisations will need to include proportionate rent costs (in the same way with all overheads). Therefore the council's rent contribution will be directly linked to the cost of delivering any commissioned services.

**Option 3:** Recognising the value that the VCS contributes to Camden, the council carries out its Area Review programme and offers a number of properties to the sector. The council will not require rent from these properties.

**What this means:** A longer-term option to be implemented once the area review process has been completed, the council would transfer a fixed number of properties to a third party (e.g. a not for profit enterprise, or development trust). This third party would be responsible for providing affordable community space to local voluntary and community organisations, and ensuring that this is a sustainable and fit-for-purpose offer. It is expected that a third party agent would have greater freedom than the council to lever in funding and resources to support these goals. To enable this option to work, it is likely that the council will have to generate new capital from its existing portfolio, leading to a smaller but more fit-for-purpose portfolio.

**Recommended options – option 3, supported throughout the Area Review process by option 2**

In the immediate term, the council targets its rent support to those organisations that meet wider commissioning needs/priorities, while the council works to develop a fit for purpose property portfolio that can be invested in the local VCS.

## e) Working together: better approaches to commissioning and working with the VCS: issues and options

Whilst it is true that the council has strategies in place which offer an outline commitment for working with the sector and supporting it, the review has highlighted the fact that practice on the ground is complex and varied. Each directorate commissions from the VCS and in different ways, which leads to an overall inconsistent approach when dealing with the VCS. We have identified the issues at three levels:

- 1. Commissioning process and procedures** – Individual directorates tend to have their own working relationships with the sector and while this reinforces directorate-wide standards there are no council wide standards. This leads to a range of issues such as no agreement on when to deploy grants, contracts or service level agreements, duplication in tasks, using different terminology and different monitoring methods and requirements.
- 2. Strategy and policy** – The council is committed to supporting a strong local VCS, but there is no coherent or structured link between this aspiration and the different commissioning strategies across the council. We have no overall framework that could establish common policies and principles as well as a coherent, structured and shared approach to VCS commissioning.
- 3. Ethos and vision** – Historically there has been no shared cross council vision for the potential roles of the sector as, for example, a delivery partner, as a set of independent organisations that deliver key services on their own terms or as a sector that empowers and integrates marginalised residents and contributes to community cohesion.

These last two points take on even greater significance when seen in the context of wider changes in Camden, such as the implementation of the procurement review, preparation for the personalisation agenda, and the general financial restrictions anticipated. The council will need to be clear on what role the VCS will play in meeting these challenges, and translate this into a clear vision and policy in order to realise the future benefits.

**Option 1: Work closely with procurement and other colleagues to make sure that the council takes a corporate (coherent, structured and shared) approach to its:**

- overall ethos and vision for the sector
- relationships with the sector (including when to use contracts, grants and other agreements, market development and minimising bureaucracy and other barriers)
- understanding and measurement of social value, impacts and outcomes
- learning and development in effective commissioning

## Looking to the future – Camden’s long-term offer to the sector

The options set out in the section above are designed to be pulled together into a package of support for Camden’s VCS over the next 3-5 years. However, given the unprecedented financial challenges we face across the board, we realise that we need to explore together the avenues for maximising the leverage we all have for securing sustainable longer-term funding and support for Camden’s VCS.

Just as we are committed to ensuring Camden’s VCS has a strong role in shaping our immediate offer, we understand that we will have to work even more closely with VCS partners if we are to develop any future proposals to secure robust, long-term investment in the borough’s VCS.

If we have learnt anything from this review process, it is that our consultation cannot end with this review, but must be ongoing to ensure that we make the right decisions for our residents. We believe that the options we have recommended will only strengthen our relationship going forward, and look to you, our partners, to help make this a reality.

## 7 Responding to this consultation

Throughout this document, we have asked a number of questions about the areas we've looked at, the conclusions we've made and the options we have put forward for your consideration. We would be grateful if you could take the time to complete the feedback form available with this document to provide responses to our questions. Your feedback will be used to challenge the review findings and shape the options for the council's future offer to the VCS.

You can send your feedback form back to us either electronically by email to **vcs@camden.gov.uk** or, alternatively, if you would like to send us a hard copy of your feedback, please send it to:

Communities and Third Sector Team  
London Borough of Camden  
7th Floor Town Hall Extension  
Argyle Street  
London  
WC1H 8EQ

We will be consulting on our VCS review until **Wednesday 24 November 2010** and during this period we will be holding a number of engagement events to discuss the review in more depth and explore the options proposed in more detail.

If you would like this consultation document in large print or Braille, audiotape or in another language, please call 020 7974 6441.