

Divisions Affected - All

CABINET 21 SEPTEMBER 2021

VOLUNTARY SECTOR STRATEGY AND INFRASTRUCTURE CONTRACT

Report by Corporate Director – Customers, Organisational Development and Resources

RECOMMENDATION

1. The Cabinet is RECOMMENDED to:
 - (a) Endorse the development of an organisational Voluntary and Community Sector (VCS) Strategy;
 - (b) Approve the recommendation of converting the current VCS infrastructure contract into a grant for the next year (2022/23) to enable the development of the VCS Strategy.

Executive Summary

2. The VCS is vital to residents and communities across Oxfordshire. A strong and enabled sector promotes active, resilient communities, leading to better outcomes for individuals and reduced pressure on statutory services. The Council has seen strengthened relationships with the sector over the last couple of years and wants to build and maintain these. At the moment, there is no clear and consistent approach to the sector across all services.
3. The co-production of a strategy with the local VCS, that considers the Council's commitment to the sector and analyses and aligns relationships and funding, would ensure a clear and cohesive strategic approach across Oxfordshire as a whole.
4. In order to develop the strategy, it is recommended that the current VCS infrastructure contract, which would be considered through the strategy development, is changed to a grant for one year (2022/23), as the current extension on the contract will expire in March 2022. A grant agreement would give the sector security at the same time as allowing for the co-production of a strategy, that can feed into the long-term provision of VCS infrastructure support in Oxfordshire.

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5. This paper sets out two asks of Cabinet; with the proposal to develop a VCS Strategy outlined first; followed by a recommendation to convert the current infrastructure contract into a grant to enable this work.

Introduction: A VCS Strategy for Oxfordshire

6. Oxfordshire County Council recognises and values the critical work the local VCS does across Oxfordshire, and the positive impact this has on residents. Local Government alone cannot create flourishing people and communities, and the local VCS provides a vital contribution to help achieve this. The Covid-19 pandemic has made this even clearer, with the VCS in Oxfordshire quickly responding to support residents' needs.
7. Collaboration with and across the VCS has notably increased during Covid-19, with new groupings of the sector coming together regularly to tackle problems collectively – sharing knowledge and in some cases resources, in ways and at a pace that has not previously been seen. This has included a new level of engagement and collaboration with the statutory sector. There is considerable ambition within the VCS to retain this new culture to drive efficiency, flexibility, and responsiveness.
8. Similarly, across services in the Council, there is a recognition of strengthened relationships with the VCS and a desire to continue to build and maintain these after the pandemic. However, there is currently not a clear cohesive plan on how to achieve this across the Council as a whole.
9. An internal working group was to set up to consider the future scope of the VCS Infrastructure Contract, which following extension expires in March 2022. However, initial conversations highlighted a broader opportunity to collaborate on a cross organisational VCS Strategy that would allow the consideration of the Council's relationship with the sector and commissioning of services as a whole. The internal working group comprises of representatives from Adults and Social Care, Public Health, Children's Services and Cultural Services and is led by the Policy and Strategy team.
10. The co-production of a strategy with the local VCS that considers the Council's commitment to the sector, and analyses and aligns relationships and funding for the sector, would ensure a clear and cohesive strategic approach across Oxfordshire as a whole. The VCS working group can act to advise and steer the strategy, to ensure it has input and is developed alongside all services. The strategy would also work closely with the Council's Recovery planning to ensure lessons learnt from Covid-19 are incorporated.
11. This work would also seek to explore opportunities for pooling of funds between and across services, to identify potential efficiencies through economies of scale, and a more joined up approach to commissioning the sector. Furthermore, it would create clarity and a more strategic service for the sector, as well as reinforce the strengthened relationships built with the sector during the Covid-19 pandemic.

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12. A mapping exercise is currently underway, gathering information about current contracts and grant agreements each service across the Council has with the voluntary sector. This will help identify opportunities for strategic collaboration in and across services with VCS organisations and would feed into the strategy.

Co-production and Engagement of Strategy

13. Following endorsement of the development of the strategy, engagement with the local VCS would begin to ensure early involvement and enable co-production of the strategy. This would involve reaching out across a range of Council services and their VCS networks, to ensure we have significant reach throughout the whole sector. Although the ambition is to consult widely with the sector early on, once key principles are agreed it is envisioned that a VCS Steering Group would be created to advise the development and production. The creation of this group would be consulted on in the first stage of the engagement work with the sector, to ensure that the sector is happy with the approach and is able to ensure the membership of the group is fully representative.
14. Input from Cabinet and members will also be vital. As the VCS spreads across multiple areas of Council work, it is proposed that there is a sub-group of Portfolio Holders on Cabinet that are regularly engaged at all stages of the development of the strategy. Furthermore, the strategy would engage early on in the process through Locality Meetings, so that all members can participate in discussions and shape the strategy. Opportunities could also be explored to bring the strategy development through the Partnership Working Group.
15. Alignment with the City and District Councils will also be sought. Initial conversations around the VCS have indicated that many of our colleagues are already considering their relationships and ways of working. This is therefore the ideal opportunity to significantly re-shape the approach across the sector across Oxfordshire as a whole.
16. The final strategy will be brought to Cabinet for decision.
17. **Cabinet is asked to endorse the development of an organisational VCS Strategy**

Infrastructure Contract

18. Alongside the development of a VCS strategy, it is important to consider the long-term future of the current VCS Infrastructure contract. There have been a number of extensions on the contract to the current provider, Oxfordshire Community and Voluntary Action (OCVA). For more information, please see the [Delegated Decision from December 2020](#). The current extension will expire in March 2022, so provision for the sector after March 2022 needs to be considered now.
19. The contract outcomes are as follows:

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- Outcome 1: A diverse range of voluntary and community organisations have access to the relevant information, advice and tools necessary to increase their effectiveness and build their capacity to function effectively. Voluntary sector organisations are raising the role and importance of the sector in delivering services, influencing policy and shaping Oxfordshire's rural and urban communities, supporting networking and co-ordination across the sector.
 - Outcome 2: Volunteering (social action) is promoted and developed.
 - Outcome 3: Communities are supported and empowered to find their own solutions to issues and become more active, working with others.
20. Outcome 3 is delivered in a sub-contractor arrangement with Community First Oxfordshire.
21. The contract value is £165,000 per annum. While there is other commissioned and grant funding tied to specific sectors and geographies, this is the only core infrastructure support for the local VCS. The business case for the Council to provide this support is invest to save: a strong and active VCS promotes active, resilient communities leading to better outcomes for individuals and reduced pressure on statutory services.
22. The provisions of the contract and the support offered by the supplier are valued within the VCS. However, it is recognised that the contract delivers a minimal service for the local VCS, due to its scope and scale, with the Local Government Association (LGA) Peer Review in 2018 noting that the contract was low for the investment needed in Oxfordshire. Conversations with the VCS in 2018 found that the contract did not deliver everything they wanted it to, in particular they felt the support was not accessed by a diverse range of organisations, and elements such as proactively coordinating action and priorities across the VCS and other partners were missing.
23. Prior to 2015, the VCS Infrastructure support was delivered through a grant. Since then funding has been in form of a contract, but the procured services match closely the core mission of the current provider.
24. The VCS has been at the forefront of supporting people during the Covid-19 pandemic, at the same time as facing significant challenges such as a loss of funding and the need to furlough staff. Furthermore, the local VCS in Oxfordshire has been forging new partnerships and exploring new ways of working.
25. Due to the limited capacity within the sector, running a full tender process now could split their priorities and interrupt crucial delivery of long-term sustainability support and reactive Covid-19 activities. Also, as the Council's desire is for a much more ambitious, co-produced VCS strategy, it is not recommended to prematurely seek a long-term contract, so as not to limit progress on the longer-term vision. As the current market provider rivals for this contract would predominantly be national organisations, this may hinder their interest in the contract, leaving our core Oxfordshire based provider as the potentially only viable applicant.

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26. It is therefore recommended to award a grant agreement to OCVA for the next year (2022/23), to minimise disruption and provide security to the sector and allow us time to align the future of the contract with the new proposed VCS strategy. A grant agreement will maintain services for the VCS at this crucial time and enable the Council to properly engage and strategically consider the long-term future of the infrastructure contract.
27. If the recommendation of a grant is agreed to, an engagement exercise is then planned to run alongside the coproduction of the proposed VCS strategy. This will involve the wider sector and consider the long-term future of VCS infrastructure, ensuring a strategic solution is sought that builds upon the principles of the strategy.
28. **Cabinet is asked to approve the recommendation of converting the current VCS infrastructure contract into a grant for the next year (2022/23)**

Financial Implications

29. The current contract cost is within existing budgets. Therefore, changing the contract into a grant for a year for the same amount of money does not create any additional budget pressures.

Comments checked by:

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Legal Implications

30. A grant is not a service contract and so does not fall under the procurement rules set out in the Public Contracts Regulations 2015. As such it can be directly awarded without competition. It does however offer fewer contractual rights and remedies for the Council for poor performance. Funding is essentially held on trust to be spent on a particular purpose rather than in return for direct service delivery obligations. Subsidy control law needs to be considered when awarding grants which may mean in some situations the award of the grant is not permissible. For the value of the proposed grant in this situation the Council and provider can take advantage of the de minimis threshold under such law which would permit the award of the grant without further justification.

Comments checked by: Jonathan Pool, Solicitor (contracts),
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Staff Implications

31. There are no direct staff implications arising from the recommendations in this report.

Equality & Inclusion Implications

32. The VCS by its very nature engages with the most vulnerable in our communities. Over the past couple of years, there is new consideration in the VCS of their role in promoting equality and of the diversity within the sector itself. Therefore, in addition to being a Council priority, conversations with the sector will undoubtedly involve new objectives and activities that bring specific attention to equalities issues for both the strategy and the long-term future of VCS infrastructure support.
33. There are no negative equality and inclusion implications arising directly from this report.

Sustainability Implications

34. This report is not considered to raise any sustainability implications.

Risk Management

35. We have identified a number of risks relating to the VCS infrastructure contract, and in particular if a grant agreement is not the option proceeded with. We have a clear plan of action and timeline to ensure that if a grant is approved, the strategy can be developed on time alongside long-term provision for the infrastructure support. Further details can be found in Annex 2.

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Annexes: Annex 1 – Proposed Timeline for Strategy and Long-term Infrastructure Provision
 Annex 2 - Options Appraisal for VCS Infrastructure Contract

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September 2021

Annex 1 – Proposed Timeline for Strategy and Long-term Infrastructure provision

Item	When	Steps Required
Mapping exercise to understand that support that OCC gives the VCS	September 2021	<ul style="list-style-type: none"> • Contact services individually to map out their grants/contracts • General procurement mapping request of grants/contracts
Informal and Formal Cabinet to agree to strategy production and grant agreement	September 2021	
VCS Working Group to define scope of strategy	September 2021	<ul style="list-style-type: none"> • Not too defined as co-production important and early engagement with sector vital. • Set out parameters of strategy and who else internally needs to be involved • Consider how to incorporate existing strategies and visions such as Oxfordshire Way
VCS Working Group to outline grant agreement principles/outcomes	October 2021	<ul style="list-style-type: none"> • Prepare draft grant agreement outcomes
Engagement with Districts and City on strategy and long-term contract	October 2021	<ul style="list-style-type: none"> • Further conversations to establish alignment and partnership opportunities
Engagement with sector on VCS strategy and long-term contract	October 2021 -Jan 2022	<ul style="list-style-type: none"> • Discussions internally beforehand on best way to facilitate co-production • Workshops and virtual events • Potentially wider online consultation
Engagement with members on VCS Strategy and long-term contract	October 2021 – Jan 2022	<ul style="list-style-type: none"> • Engagement through Partnership Working Group • Engagement through winter Locality Round
Development of long-term contract	Jan – April 2022	<ul style="list-style-type: none"> • Drafting of contract taking into consideration engagement from VCS, LGA Peer Review and previous consultation exercise.
Development of VCS Strategy	Jan – April 2022	<ul style="list-style-type: none"> • Drafting of VCS strategy based on engagement with VCS
Consult on draft long-term infrastructure provision with VCS	April – May 2022	<ul style="list-style-type: none"> • Re-engage with sector on draft for comment
Consult on draft VCS Strategy	April – May 2022	<ul style="list-style-type: none"> • Re-engage with sector on draft for comment
Finalise drafting long-term contract	May – June 2022	

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Finalise and launch VCS Strategy	May – June 2022	
Agree provision and develop VCS infrastructure	June 2022 – Winter 2022	<ul style="list-style-type: none"> • Could be full procurement and tendering exercise if contract preferred option
New VCS infrastructure provision implemented	April 2023	

Annex 2

Options Appraisal for VCS Infrastructure Contract

Option 1: Let a long-term strategic contract now – not recommended

Pros	Cons
Would provide security for the sector	There is uncertainty externally with Covid-19, and the sector may not be in a position to bid. For instance, we understand that a lot of national funders are still in the position of rolling over grants and contracts to allow the sector breathing space.
Ultimate goal is to provide long-term future for VCS infrastructure	There is uncertainty internally as we do not yet have a strategic approach across services as to what provision is needed
	The VCS strategy would not be able to feed into the long-term infrastructure provision, and therefore might not meet our ambitions
	There is very little time to engage with the sector or others on what it would find useful for long-term VCS infrastructure provision

Option 2: Let a short-term contract now – not recommended

Pros	Cons
Council has greater contractual remedies and protection for short-term contract over grant	A year-long contract would not be appealing to providers as they present a lot of effort for limited security, and as a highly specialised service a tender process may not attract interest.
Still allows for time to develop strategy and infrastructure long-term provision	As a single year long contract is not appealing, it could damage our relationship with our current provider and the rest of the sector

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	There is still external uncertainty in the sector as a result of Covid-19, and therefore the sector may not be in a position to bid.
	TUPE implications may apply to a new provider which would equally apply if and when further long-term arrangements are entered into. Overall periods of uncertainty would last for significant period disrupting the ability of the current provider to deliver alternative approaches and mature

Option 3: Let the contract lapse – not recommended

Pros	Cons
Cost savings	The funding is supporting capacity and building in communities and the VCS, which ultimately has an impact of the sustainability of the Council and partner services. This is particularly acute during the Covid-19 pandemic when VCS organisations have experienced a reduction in funding streams.
	Removing infrastructure support for the VCS would be significantly disruptive and most likely lead to the failure (at least in its present form), of the provider, without a clear alternative in Oxfordshire.
	Reputational impact of withdrawing at this point, when the Council has strengthened relationships with the sector and the sector is vulnerable, is significant.

Option 4: Award a grant agreement for a year whilst agreeing long-term future – recommended

Pros	Cons
Provides certainty for the sector	Limited contractual remedies
Allows for time and space to create strategy, and feed into the long-term vision for infrastructure support	Cannot be prescriptive in delivering outcomes, however the current provider's main objectives and purpose is closely aligned with the objectives of the current contract so its unlikely their core work would change

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Allows for time to consult and engage fully with the sector on the provision needed	
Grants allow space for innovation, and at a time when the Council is considering its long-term strategy for future provision, it would allow the provider to explore and evaluate new ways of delivering across the sector	