

**Meeting date:** 28 September 2022

**Report to:** Cabinet Member for Communities and Leisure

**Subject/report title:** Voluntary, Community and Social Enterprise (VCSE) Sector Development Reserve

**Report from:** Alison McGrory, Assistant Director, Communities and Partnerships

**Report author/lead contact officer:** Sara Rooney, VCSE Development Lead, srooney@solihull.gov.uk

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**Wards affected:**

- All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  Shirley West |  Silhill |  Smith's Wood |  St Alphege
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**Public/private report:** Public

**Exempt by virtue of paragraph:**

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**1. Purpose of Report**

- 1.1 To request approval for the deployment of the remainder of the VCS Development Reserve to support the financial resilience of local voluntary, social enterprise and community sector groups and organisations with the impact of the rising cost of living. Additionally to help ensure that local groups and organisations have the capacity to deliver help and support to households during this period..

**2. Decision(s) recommended**

The Cabinet Member is asked to approve the following recommendations:

- 2.1 Approve in principle the use of the remainder of the Councils VCS Development Reserve between now and Spring 2024, to invest in the VCSE sectors to address the resilience and capacity of community groups and organisations. This includes investing in the delivery of help and support to households experiencing hardship as a result of the increases in the cost of living.
- 2.2 To approve the use of £29,850 from the VCS Development Reserve previously set aside for the Commonwealth Games Schools Community Programme to fund the

current VCS priorities as outlined in the report.

- 2.3 To approve, subject also to approval from Cabinet in accordance with the Financial Regulations to re-designate £23,760 from the Commonwealth Games volunteers reserve to fund the VCS priorities as outlined in this report
- 2.4 To allocate £120,000 from the VCSE Development Reserve to establish a Solihull Community Grant as an extension to the successful Wellbeing and Recovery Grant established to support voluntary and community groups during the pandemic.
- 2.5 To delegate approval to the Assistant Director for Communities and Partnerships, in consultation with the Cabinet Member, to allocate up to £58,590 to enable community groups and organisations to utilise and deliver government grant funded activity such as the Household Support Fund and Holiday Activity & Food Programme. This would be until March 2024.

### 3. Matters for Consideration

- 3.1 The Council has a VCS Development Reserve for the purpose of supporting voluntary, social enterprise and community sector projects and initiatives, in addition to what the Council already commissions. This was with an emphasis on supporting and developing the provision of community-based solutions with a focus on prevention and early intervention. In July 2019, the Cabinet Member for Resources delegated decisions concerning the spending of the VCS Development Reserve to the Cabinet Member for Safer Stronger Communities.
- 3.2 In October 2021 the Cabinet Member approved a request to use the VCS Development Reserve exclusively for directed Council investment in the local voluntary, social enterprise and community sectors. At the same time up to £210,000 of the funding was allocated to a series of projects and initiatives concerned with the Commonwealth Games and the development of the VCSE sectors. The actual cost of the Commonwealth Games projects and initiatives was less than originally estimated.
- 3.3 The following have been implemented with positive outcomes or remain in progress:
  - A **Celebrating Communities Fund** administered in partnership with Heart of England Community Foundation to make small amounts of funding available to community groups and organisations. As of August 2022 £86,055 has been awarded to 20 community groups and organisations.
  - To procure licences and access to **Grantfinder** a digital platform that provides current information about international, national, regional and local funding opportunities available to VCSE groups and organisations as well as the council.
  - **VCSE Strategic assessment** to provide additional support with strategic profiling and assessment of the strengths and development needs of the local VCSE sector. This work will be delivered during 2022/23.
  - Investment in training, equipment, visibility and an emergency reserve for **Solihull Foodbank Network** to enable members to develop their offer and

deliver work on financial inclusion, healthy eating and nutrition as well as respond to crisis across the year.

- **Commonwealth Games: School and community games.** Opportunities to develop joint activities and events between schools and community groups, clubs and organisations.

3.4

#### 4. **What options have been considered and what is the evidence telling us about them?**

- 4.1 The significant increases in the cost of living, created by the rising cost of fuel, food and other essentials is impacting significantly on many households in Solihull already experiencing disadvantage and vulnerability, putting them at greater risk of hardship and reduced opportunity and wellbeing. We are seeing an increase in demand for support and services as a consequence.
- 4.2 The Council works closely with the VCSE sectors and has had success at directing government funding schemes to local groups and organisations. 9 of the 10 organisations delivering support for food and energy through the Household Support Fund are from the VCSE sectors. Of the 37 organisations who delivered the Holiday Activity and Food programme this summer, 15 were from the VCSE sectors. Much of the funding has been short term and based on providing an immediate response and supporting residents experiencing crisis. Very little if any funding through grants is made available to fund core costs.
- 4.3 Organisations and groups in the VCSE sectors are facing a triple squeeze due to the rising costs of living: Increasing demand as more people seek support; rising inflation is resulting in fewer and lower donations and eroding the value of donations, grants and contracts. The third area is the increasing costs of delivery, due to rises in inflation and energy bills. Financial sustainability remains the main concern for many groups and organisations, which are still recovering from the financials pressure arising from the COVID pandemic.
- 4.4 Through the deployment of the remaining VCSE Development Reserve over the next 12 – 24 months the Council will specifically look to
- Support VCSE organisations and groups with increases in core costs during this period
  - Support VCSE resilience, business planning and income generation
  - Add and sustain VCSE capacity to provide cost of living orientated support to households.
- 4.5 By continuing to make small amounts of funding available to community groups and organisations through a Solihull Community Grant scheme the Council will be able to work alongside the sector to address the 3 points in 4.4 above ensuring the longer-term growth and sustainability of the sector. The criteria for allocation of the funding will address the direct or indirect benefit related to addressing Council priorities and will be developed in consultation with Solihull CAVA, commissioners from across the council and VCSE sectors. The criteria will consider; evidence of the contribution to

Council priorities; evidence of increased core costs and risks to the sustainability of the group/organisations; evidence of depleted reserves and; risk to the delivery of activity and services that are delivered on behalf of the Council.

- 4.6 In response to the cost of living and other crisis, the Government has made additional funding available to direct help to some of the most vulnerable. Examples of this include the Household Support Fund, Sustainable Warmth Programme and Holiday Activity and Food Programme. The VCSE sectors in Solihull have been critical in connecting this help to low income and vulnerable households, who might otherwise be out of reach of statutory organisations. The availability of match funding through the Reserve will enable more groups and organisations to participate in delivering activity funded through programmes, like the Household Support Fund.

## **5. Reasons for recommending preferred option**

- 5.1 The Council has significantly relied on and benefited from the resilience and innovation of its communities to support the COVID pandemic, the Afghan and Homes for Ukraine response and more recently to address the increases in the cost of living. This is at a time when financial sustainability remains the main concern in the sector.
- 5.2 The State of the Sector Report published by Warwickshire and Solihull Community and Voluntary Action (CAVA), referenced funding as the most frequently reported challenge and concern for VCS groups and organisations. This related to securing sufficient income including funding from grants, contracts and donations. One in 5 organisations faced challenges related to buildings including funding to manage buildings, maintenance and running costs. Other challenges included the growing demand for services, which has been complicated by the difficulty recruiting both paid staff and volunteers.
- 5.3 More recently CAVA reported:
- 5.3.1 The cost of living for VCSE groups remains a constant challenge raised in conversations with them and through support engagements - Core costs seem to be the main preoccupation. VCSE/Charity sector are raising risks to organisations folding due to financial hardship in the coming months when they are increasingly needed to support a range of areas, from ICS to communities' and individuals' needs on the ground.
- 5.3.2 There is an estimated £1.2bn reduction in donations nationally which could be as high as £3bn, compounded by inflation reducing the relative purchasing power of donations. Disproportionate drop from communities with socio-economic challenges is anticipated, so communities most in need would see even less general public donations realised.
- 5.4 The Council has an opportunity through the deployment of this funding to recognise the contribution of the sector and continue to invest in the longer-term sustainability of local groups and organisations that are critical to the cost of living response.
- 5.5 The investment would continue to strengthen the council's partnership with the VCSE sectors, with the investment increasing activity and capacity, which could ultimately

prevent current, growing and future demands on statutory services. The funding also has the potential to increase access to additional resources such as grants from independent funders, community action and volunteering, as well as access to community-based land and property assets.

## 6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
<p>People and Communities:</p> <ol style="list-style-type: none"> <li>1. Improving outcomes for children and young people in Solihull.</li> <li>2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it.</li> <li>3. Take action to improve life chances and health outcomes in our most disadvantaged communities.</li> <li>4. Enable communities to thrive.</li> </ol>	<p>The investment supported through this report would directly contribute to developing capacity within local communities, including those where there is the potential for the greatest impact on local residents</p>
<p>Economy:</p> <ol style="list-style-type: none"> <li>5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres.</li> <li>6. Maximising the opportunities of UK Central and HS2.</li> <li>7. Increase the supply of affordable and social housing that is environmentally sustainable.</li> </ol>	<p>Enter text.</p>
<p>Environment:</p> <ol style="list-style-type: none"> <li>8. Enhance our natural environment, improve air quality and reduce net carbon emissions.</li> </ol>	<p>Enter text.</p>
<ol style="list-style-type: none"> <li>9. Promote employee wellbeing</li> </ol>	<p>Enter text.</p>

6.2 Consultation and Scrutiny:

6.2.1 The VCSE Strategic Assessment is underway has included input from a number of key stakeholders to recognise the role and profile of the VCSE sectors in the borough and to help direct future support and investment.

6.2.2 Continuing involvement and consultation with Solihull community groups and organisations takes place through the VCSE Engagement Group. The group consists of key VCSE groups and organisations as well as community leaders and provides a forum for dialogue between the Council and these groups to understand the priorities,

opportunities and challenges being faced along with opportunities to work together to respond to the needs of communities in Solihull.

6.2.3 Through the contract held with CAVA they are required to engage with the VCSE Sectors in the borough and provide regular reports and updates to commissioners on the 'State of the Sectors'.

6.3 Financial implications:

6.3.1 There is currently £178,590 in the VCS Development Reserve. The intention is to allocate this over the next 24 months through this report. £120,000 will be allocated to a Solihull Communities Grant which will be administered by a grant making organisation on the Councils behalf. The remaining £58,590 will be made available to allocate to community organisations to provide additional capacity to deliver government funded programmes that will benefit low income and vulnerable households.

6.4 Legal implications:

6.4.1 The spending of funding through this report and delegated to officers for future approval will be done in accordance with the Councils financial management and procurement policies and procedures. This will include the procurement of an organisation to administer the Solihull Community Grant and future grant awarding schemes in partnership with Solihull Council.

6.5 Risk implications, including risk appetite:

6.5.1 Any risks concerning the effective allocation and spending of grants awarded through the grant administration organisation to be procured by the Council will be managed through a robust process to be agreed as part of the tender and procurement process. This will be complemented by direct input and support by council officers in the development and delivery of proposals. Risk registers for community programmes including government grants are in place and regularly reviewed. This includes quality assurance processes and procedures designed and delivered as part of the Holiday Activity and Food Programme.

6.5.2 Removing the ability of local VCS groups and organisations to access funding through the VCS Development Reserve is likely to impact negatively on the relationship and joint working between the Council and VCS Sector in the borough. Continuing to allocate the fund through a grant scheme and enabling more groups and organisations to access this and additional grant funding will contribute to the sustainability and independence of these groups and organisations.

6.6 Equality implications:

6.6.1 Fair Treatment Assessments are in place or in progress to guide and inform the work concerning VCSE investment and partnerships. Working with the Equality and Diversity Advisors this new funding will be included.

Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System

(ICS)Through the Triple Devolution Deal, the WMCA has recognised the importance of “social capital” within the region. The VCSE sectors are a key driver and creator of social capital within communities of place and communities of interest. Ensuring the sustainability of the sectors in Solihull will help to maintain and sustain social capital in the borough.

## **7. List of appendices referred to**

7.1 Enter text.

## **8. Background papers used to compile this report**

8.1 State of The Voluntary, Community and Social Enterprise Sector in Warwickshire and Solihull 2021/22, Warwickshire and Solihull Community and Voluntary Action, May 2022 <https://www.wcava.org.uk/state-of-the-sector>

## **9. List of other relevant documents**

9.1 Enter text.