

Brighton & Hove City Council

Equalities, Community Safety and Human Rights Committee

Agenda Item 21

Subject: Development of the Third Sector Commission 2025-29

Date of meeting: 13th October 2023

Report of: Executive Director for Housing, Neighbourhoods and
Communities

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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 The report sets out the background and impact of the Third Sector Commission as a multi-year grant programme for the city's community & voluntary sector.
- 1.2 The report sets out proposed changes to the application process to ensure that as wide a pool of community & voluntary organisations as possible can realistically apply for funding.

2. Recommendations

- 2.1 That Committee delegates authority to the Executive Director for Housing, Neighbourhoods and Communities to develop, in consultation with the community & voluntary sector, a Third Sector Commissioning Prospectus for 2025-2029, as set out in the relevant paragraphs of this report.
- 2.2 That Committee notes that a report will be brought back to Committee for final approval of the Prospectus, following the conclusion of the consultation.

3. Context and background information

3.1 Introduction

3.1.1 The Third Sector Commission (TSC) is a multi-year grant programme for the city's community & voluntary sector (CVS) and forms part of the Council's Third Sector Investment Programme (TSIP). TSIP also includes the Communities Fund, which provides annual grants to the CVS organisations across the city.

3.1.2 In 2023/24 TSIPs combined investment amounted to £2,302,751, made up of £1,935,041 for the TSC, £367,710 for the Communities Fund, the annual grant fund. An additional £50,000 is invested annually in the TSC by the NHS.

3.1.3 The TSC has been running since 2017 and replaced a previous grant funding programme to the CVS.

3.1.4 The 2023/2027 Council Plan makes a clear commitment to ‘develop and deliver a new four-year investment prospectus for the community and voluntary sector’.

3.1.5 This report sets out the learning from the evaluation and review of the current TSC and the improvements officers are seeking permission to consult with CVS on when developing the next TSC 2025-2029.

3.1.6 This report has been consulted on with the Members Advisory Group on Grants at its 27th September 2023 meeting.

3.2 Evaluation and impact

3.2.1 Evaluation of the 2017-2020 TSC (Appendix 1) provided evidence of the financial leverage and added value the funded project organisations were able to generate; for every £1 invested by the council the participating organisation generated a multiplier of £5.04 (3 years investment of £6.11m., resulting in £30.8m generated through additional grant and contract income). Subsequent analysis of delivery of the TSC continues to show high levels of leverage (2021/22 £4.72, 2022/23 £4.79).

3.2.2 Evidence from the 2022/23 Progress & Delivery Report (Appendix 2) showed £1,664,839 of added value through volunteer involvement (179,015 hours x £9.30 Living Wage).

3.2.3 The community & voluntary sector is best placed to reach communities and individuals that the council can't. The knowledge that volunteers bring to understanding the needs of residents with needs is unique, and the non-statutory nature of the CVS offer to help allows residents who are apprehensive of statutory services to seek assistance.

3.3 Current approach

3.3.1 The current TSC (2020 – 2025) funds 20 projects that are delivered by partnerships of local CVS organisations. Applications for funding must be from partnerships made up of two or more organisations. Applicants are required to bring significant changes for beneficiaries in at least one of the following areas:

- Strategic Outcomes (Lot 1) – investment to fund core and/or project costs that are working or starting to work in partnership to deliver against one of the following:
 - Enabling people of all ages, with complex needs, or who at risk of exclusion and social isolation, to improve their health and wellbeing.
 - Create safe and more inclusive neighbourhoods and communities, and community space that encourages greater use and ownership

- by residents, encouraging neighbourliness, community cohesion, safety, reduces crime and disorder.
- Enhances community wellbeing through inclusive and innovative arts, cultural and leisure opportunities.
- Provides a robust response to climate change through a more circular, sustainable and resilient economy.
- Third Sector Infrastructure (Lot 2) – investment to ensure that the city’s CVS sector have access to high quality, local infrastructure support.
- Community Development & Community Engagement (Lot 3) – investment to ensure high quality community development and engagement provision.
- Community Banking (Lot 4) – provides money advice, access to banking, credit, deposit, and education in terms of financial capacity, food, and fuel efficiency.

3.3.2 The 2020-2025 TSC used the council’s contract tendering system, the SE Shared Services Portal to advertise for, receive and manage bids.

See Appendix 1 for list of 20 funded partnerships.

3.4 Learning

3.4.1 Feedback on the process for the TSC 2020 – 2025 was received through a lessons learned questionnaire sent to officers and external organisations who applied for funding. The following key points were made:

- a) The SE Shared Services Portal is not ideal for CVS organisations bidding for grants because the system is designed to manage tenders for contracts rather than applications for grants. It is used to tender for contracts from both commercial and non-commercial organisations and seeks to elicit information on company status that is not appropriate from smaller CVS organisations.
- b) Applications were scored on the strength of the bid rather than the value of the project. This favours organisations with bid writing skills and/or the capacity to employ bid writing specialists.
- c) Rather than a one-off opportunity to apply (the current process has a set of eight questions and can only be submitted once), an iterative dialogue process would enable organisations to develop project ideas through dialogue with officers. This would especially help smaller organisations.
- d) There was only one application for each of Lots 2 – 4. This makes sense as there are only one organisation or partnership able to deliver these requirements.
- e) Infrastructure delivery to the Black & Racially Minoritised (BRM) CVS organisations has not met expectations or needs. This now being addressed through the BRM CVS infrastructure project.
- f) Many smaller CVS organisations have found the process of developing partnerships to apply, as well as the process of applying, beyond their capacity and skill set.

g) There is no clear process for smaller CVS organisations to progress from the Communities Fund to the TSC. Without sustainable funding over several years, this will inhibit their development and potential to grow.

3.5 Proposed improvements

Officers have reviewed the feedback from the application process for the current TSC and have analysed opportunities to ensure that as wide a pool of CVS organisations as possible can realistically apply to the next TSC, and are making the following recommendations to improve the next prospectus:

- 3.5.1 Procurement system: It is proposed to run the grant application process through the Communities, Equalities and Third Sector team (CETS) using a process outside of the procurement portal that allows for more flexible and accessible methods of application, which would be defined during the consultation period. The Procurement team would provide strategic guidance and oversight, ensuring compliance with core procurement principles, legislation and guidance.
- 3.5.2 Application process: A key weakness in the current process requires projects to submit their application through a set of questions that are fixed at the point of submission. This can advantage organisations which have skill, capacity and experience of bid writing, and consequently may especially disadvantage smaller organisations. A good bid is not necessarily a good project. Therefore, the proposal is to use several different bidding approaches across the prospectus:
- a) For bids to Lot 1 we propose to:
- Ring-fence £50,000 pa (circa 6%) of the Lot1 budget for small groups (under £200,000 turnover) with applications being capped at £10,000 pa. Bids could be from single organisations or partnerships.
 - Use a dialogue process (expression of Interest, feedback, final bid) for these smaller groups.
 - Organisations with a turnover of £200,000+ would submit an application for scoring instead of participating in the dialogue process (to prioritise officer time for smaller organisations)
 - Bids from these larger organisations would be required to be from partnerships of two or more CVS organisations.
 - These larger organisation applications would be capped at £50,000 pa. Currently 25% of Lot 1 projects are over £50,000 pa and this would enable more bids to be awarded.

b) 'Direct awards' for Lots 2, 3 and 4

Projects which provide;

- community & voluntary sector infrastructure support, including for the Black & Racially Minoritised sector (Lot 2)
- community development and community engagement (Lot 3)
- general and financial advice services (Lot 4)

3.5.3 Black & Racially Minoritised CVS infrastructure support (part of Lot 2)

The consultancy report from Ottaway Strategic Management (Appendix 2) recommended sustained funding from the TSC to enable the development of a sustainable model for the BRM CVS. This would enable the two years' work funded through the World Re-imagined unallocated £100,000 to be sustained for a further four years. It is anticipated that the funding required will need to be a minimum of £50,000 pa. and will need to be absorbed into the TSC budget.

3.6 Proposed outcomes

3.6.1 Lot 1 – Strategic outcomes

The outcomes will directly correlate with the priorities of the council's corporate plan 2023-2027:

- A fair and inclusive city.
- An accessible, clean, and sustainable city that enhances quality of life and preserves our natural resources for future generations.
- A healthy city where people thrive.

A descriptive narrative of the outcomes will be developed in line with the commitments in the corporate plan.

11.1 Applications will need to demonstrate how their proposals meet other key council strategies and plans, for example, the Council's Health & Wellbeing Strategy 2019-2030.

3.6.2 Lot 2 – Third Sector Infrastructure (includes BRM CVS infrastructure support)

- Third sector groups and organisations will have clear and understandable pathways of support, including access to equipment, skills and knowledge that they need to both sustain and grow their not-for-profit activities.

3.6.3 Lot 3 – Community development and community engagement

- area focussed asset-based community development and engagement, improving community resilience and building social capital.
- Builds the capacity of communities of interest, identity and place to work collaboratively, and to develop services and groups that identify and meet their need, independent of, and with, public services.

3.6.4 Lot 4 – General and financial advice

- It is proposed to take the current investment for general advice out of Lot 1, and combine this with the existing Lot 4 Moneyworks allocation
- Provision of integrated financial services and solutions for low-income households, including money advice, banking, credits, deposits, education, and food and fuel as part of household budgeting, as part of the city's response to financial inclusion.
- Provision of a range of advice to the most vulnerable in the city, including information, advice, guidance and casework on welfare benefits, debt, employment law, housing, immigration, consumer law and discrimination.

3.7 Proposed allocation of funding

3.7.1 The budget for the TSC will be set at budget council in February 2025 and will be subject to annual renewal at subsequent Budget Council meetings. All figures used in this report are therefore for illustration purposes only. The four-year TSC grant agreements allow for potential annual changes in funding to take account of annual budget setting. This does however have implication for VCS organisations stability and ability to delivery.

3.7.2 Table 1 is for indicative purpose to show how the budget would be realigned to factor in direct award for general and financial advice outcome and the Black and racially minoritized CVS infrastructure support outcome. Precise allocations will be determined when the budget is agreed.

	Current % 2020/25 investment per annum	Proposed 25/29 Percentage split of funding
Lot 1 – investment funds core and/or project costs that deliver one or more strategic outcomes	47.3%	32.6%
Lot 2 – investment funds infrastructure support organisations that support the CVS sector across the city including Black and Racially Minoritised VCS	16.4% (+ £50,000 NHS contribution)	17.4%
Lot 3 – investment funds community development and	26.2%	26.4%

community engagement		
Lot 4 – investment funds general and financial advice	10.1%	23.6%
Total	100%	100%

3.8 Draft timetable

Third Sector Commission Prospectus Draft Timetable	
Consult Members Advisory Group	27/09/2023
ECSHR Committee approval to develop prospectus	13/10/2023
Consultation with VCS and BHCC officers	October 2023 – March 2024
ECSHR Committee final approval	March 2024 (tbc)
Publish Prospectus	Early April 2024
Submission Deadline	Early June 2024
Funding Decisions Agreed	Early September
Issue Outcome Letters	Early October
Mobilisation period	November – March
Delivery commences	01/04/2025

4. Analysis and consideration of alternative options

- 4.1 An alternate option would be to use the procurement methodology used for the 2017-2020 and 2020-2025 TSC. This would be to use the SE Shared Services Portal system. Feedback from the CVS organisations show that the portal requires familiarity with terminology, policies, technology and processes that are unfamiliar to some smaller organisations. Procurement officers have also stated that the portal is not the best method for awarding grants to the CVS sector. This is not recommended.
- 4.2 An alternate option would be to award the funding on the basis that was used for the current TSC. This risks continuing to favour larger organisations

who are familiar with bidding for funding and would continue to favour 'bid quality' rather than 'project quality'. It would also not help smaller CVS organisations to move from annual funding to being able to secure four years of funding, thus helping their growth and sustainability. This option is not recommended.

5. Community engagement and consultation

- 5.1 The Members Advisory Group on Grants were consulted on the proposals at their meeting on 27th September 2023.
- 5.2 The proposed changes come from the Lessons Learned review carried out with the CVS at the end of the current TSC application and appraisal process.
- 5.3 Consultation will take place with community & voluntary organisations over the period October 2023 to March 2024.

6. Conclusion

- 6.1 This report sets out a series of proposed changes to the way in which the Third Sector Commission 2025-2029 is managed and funding awarded.
- 6.2 Based on the rationale set out in sections 3.5, 3.6, and 3.7 we recommend that officers are permitted to develop, in consultation with the CVS, a Third Sector Commissioning Prospectus for 2025-2029, including consulting on the proposed improvements as laid out in the relevant paragraphs of the report.

7. Financial implications

- 7.1 The current budget available for funding the Third Sector Commissioning Prospectus is £1.935m, as set out in the table at 3.7 in the main body of the report.
- 7.2 The level of investment for the 2025-2029 commission will be subject to budget setting in February 2025 and to annual budget setting thereafter.

Name of finance officer consulted: Michael Bentley Date consulted 19/09/23

8. Legal implications

- 8.1 Under Section 137 of the Local Government Act 1972, the Council has the power to incur expenditure which in its opinion is in the interests of and will bring direct benefit to its area of any part of it or all or some of its inhabitants.
- 8.2 The Committee's Terms of Reference include the power to develop, oversee and make decisions regarding the implementation of the council's

Communities and Third Sector Policy, investment in and support to the community and voluntary sector.

Name of lawyer consulted: Elizabeth Culbert Date consulted 13/09/23

9. Equalities implications

- 9.1 An Equalities Impact Assessment will be completed as part of the work undertaken from October 2023 to March 2024. The results of this assessment will be included in the final report to Committee seeking approval for the Prospectus.

10. Sustainability implications

- 10.1 The proposed Lot 1 Strategic outcomes will have a cross cutting theme that will require applications to support the outcome 'an accessible, clean and sustainable city that enhances quality of life and preserves our natural resources for future generations'.

11. Other Implications

Social Value and procurement implications

- 11.2 The Third Sector Commissioning Prospectus places a strong emphasis on Social Value through its grant awards to the local community & voluntary sector. The proposed changes to the way in which applications are made and grants awarded will strengthen this social value for the local community.

Crime & disorder implications:

- 11.3 There are no crime and disorder implications.

Public health implications:

- 11.4 The overarching outcome will be 'a healthy city where people thrive' as set out in the council's Plan for 2023 to 2027.
- 11.5 This will be further supported by the council's Health & Wellbeing Strategy 2019-2030.

Supporting Documentation

1. Appendices

1. Brighton & Hove City Council and Brighton & Hove Clinical Commissioning Group Third Sector Commission 2017-2020 Final Evaluation (Ottaway Strategic Management Ltd., January 2021)
2. Third Sector Commissioning Prospectus 2020-2025 – third year (2022/2023) progress and delivery report (Internal officer report, July 2023)
3. List of current 2020-2025 Third Sector Commission projects.

4. Black & racially minoritized community & voluntary sector infrastructure support options appraisal (Ottaway Strategic Management Ltd, April 2023)
2. **Background documents**
1. Third Sector Commissioning Prospectus 2020-2023