State of strategic relationships between councils and their local voluntary and community sector

Purpose of report

For information

Summary

This cover report introduces a research report that the Local Government Association (the "LGA") have commissioned from Locality into the state of strategic relationships between councils and their local voluntary and community sector (the "VCS"). The report contains no policy recommendations but sets out findings from the research which councils may find helpful in overcoming barriers to building effective relationships with their local VCS. The first is a typology of relationships between councils and their VCS which can be used as strategic tool by councils, and the second are a set of four principles that underpin effective partnership working.

Is this report confidential?

No

Recommendation/s

Board members are asked to consider and feedback on the research report attached as **Appendix A** into strategic relationships between councils and their VCS organisations.

Contact details

Contact officer: Hannah Small

Position: Policy Adviser

Phone no: 07961 123143

Email: Hannah.small@local.gov.uk

State of strategic relationships between councils and their local voluntary and community sector

Background

1. The Local Government Association (the "LGA") commissioned Locality to conduct research into the state of strategic relationships between councils and their local voluntary and community sector (the "VCS"). The report concludes that relationships between councils and the VCS are mixed across the country. Yet there are exemplar areas where councils and local VCS organisations are achieving huge things together – which other areas could strive towards. The research identifies four key principles for both councils and VCS partners can adopt to either maintain or improve partnership working.

2. The research took place over a six-month period, between February – July 2022. Locality took a multi-method approach which included evaluating a cross-section of council strategies, in-depth interviews and four focus groups. In total Locality engaged with **57 councils,** speaking with both elected members and senior officers as well as senior leaders from the voluntary and community sector. This encompassed a representative range of political control, council type, and geography. The findings and suggested principles that underpin effective partnership working are brought to life throughout this report by deep-dive case studies on five different council areas – Calderdale, Derby, Hackney, Malvern Hills, and South Gloucestershire.

Report and Forward Plan

3. This report is the first in-depth analysis the LGA has commissioned on strategic relationships between councils and one of their main stakeholders: the local voluntary and community sector. The research provides an honest reflection of the current state of relationships between councils and their VCS and reflects on the need for strong relationships as the bedrock of successful communities. The strategic tools highlighted in the report can help to create or maintain effective relationships and could prove critical this winter as local partners work together to support residents through unprecedented cost of living pressures.

4. There are two key research outputs which councils can use in order to assess their own relationships with their local VCS and work to improve or maintain these relationships. Within sections 6 and 7 of the report, Locality have created a **typology** of strategic relationships, which identifies the five "key" types of relationships that exist between councils and VCS organisations. Alongside an **asset-mapping exercise,** this typology can be used as a **strategic tool** by both partners to assess their relationships, identify strengths and weaknesses, and plan ways to improve.

5. The second research output is **a set of four principles** with examples of how these principles are being successfully deployed between partners across the country. These four principles are:

- **Shared foundations:** clarity of purpose, values, and roles, built on shared understanding, knowledge and a commitment to partnership working
- **Relational culture:** behaviours and ways of working that enable the power of community to flourish, with both sides giving generously to the process and being open to receiving feedback
- **Effective structures:** systems, mechanisms and processes that are fit for purpose and enable innovation and sustain long-term commitment
- **Capacity and resources:** having the wherewithal to take action.

6. The report has identified several barriers and challenges to effective partnership working between councils and their local VCS. To address these the LGA will begin several workstreams, focusing on raising awareness with our members on the benefits of improving partnership working with the local voluntary and community sector and ensuring there are the right national policies in place to unlock local partnerships.

7. This will begin with presenting the findings to several local and central government stakeholders. The research outputs will be added to the suite of tools available to corporate peer challenge teams to assess councils voluntary and community engagement.

8. The LGA will create an accessible toolkit for lead members and senior officers to use to assess their relationships with their local VCS, based on a shortened version of this research. We will also continue to improve partnership working between councils and their local VCS during emergencies by sharing best practice via the [cost of living hub](#) and through producing a top tips guide on how councils can support their VCS through the cost of living crisis.

Implications for Wales

9. None

Financial Implications

10. None

Equalities implications

11. This research was undertaken to understand the relationships between the voluntary and community sector and councils. A stipulation of the project was to

gather the views of voluntary and community sector organisations that represent marginalised groups. The LGA wanted to understand if variations in how councils engage with different voluntary and community sector organisations can risk exacerbating inequalities; whether there are particular barriers faced by VCS organisations led by marginalised groups; or how larger, more established VCS organisations interact with and support smaller, more informal community groups in ways that might address or exacerbate inequalities.

12. The research identifies four key principles for partners to deploy to create or maintain strategic relationships, with examples of how these principles are already being successfully deployed across the country. A central thread throughout the report is how councils are practising more collaborative community engagement, to better understand and work with underrepresented and marginalised groups on local issues.

13. The research also highlights several barriers to effective partnership working between councils and the voluntary and community sector, it highlights how particularly smaller voluntary and community groups find it difficult to engage strategically due to capacity or resourcing issues. The report highlights how some councils are responding to this, by funding voluntary partners to participate in strategic meetings or supporting smaller organisations in other ways.

14. The workstreams following on from this research report, as stated in paragraph 7 and 8, should support better engagement with voluntary and community groups for and led by marginalised groups.

Next steps

15. Officers will develop an accessible toolkit for lead members and senior officers to use to assess their relationships with their local VCS, based on a shortened version of this research.

Appendix A: Research report into the state of strategic relationships between councils and their local voluntary and community sector

Commissioned by the Local Government Association, researched and drafted by Locality. **September 2022**

1. Executive summary

The Local Government Association (the "LGA") commissioned Locality to conduct research into the state of strategic relationships between councils and their local voluntary and community sector (the "VCS"). Both the LGA and Locality are committed to ensuring local partnerships can be strong and successful in order to build more inclusive, resilient communities. The research concludes that relationships between councils and the VCS are mixed across the country. Yet there are exemplar areas where councils and local VCS organisations are achieving huge things together – which other areas could strive towards.

A key aim of the research project is to uncover the range of **benefits** that are unlocked when councils and the VCS work well together. Not only do better partnerships between the two enable councils to deliver their statutory duties and support their residents, better relationships between these partners also strengthens communities and increases civic participation.

Despite the often shared aims and objectives between councils and their local VCS partners, the research has highlighted many **common barriers** to working in such a strategic way. Between both sides, these include:

- low capacity
- reduced budgets and resources
- a lack of clarity over priorities
- poor senior buy-in
- a failure to plan together
- differences in structure and process.

To help overcome these barriers and maximise the benefits, two key outputs have been generated for councils and their VCS partners to use.

The first is a **typology of strategic relationships,** identifying the five key "types" of relationships that exist between councils and VCS organisations.

Type	Shaping relationships	Ongoing relationships	Neighbourhood relationships	Commissioning relationships	Delivery relationships
Summary	Formalised structures through which councils	Practical mechanisms for working together on a day-to-day basis	Neighbourhood level structures for local engagement and	Working together throughout the commissioning cycle.	Local VCS participating in tenders, winning

			where powers, funds, or service delivery can be devolved	Planning strategically based on local needs, assets, aspirations, and priorities. Co-designing the services to be procured, and the process for doing so. Monitoring and evaluating based on agreed, meaningful, and illustrative metrics.	contracts, and delivering local services
	engage VCS on strategic direction				
Example	VCS Partnership boards, VCS strategies	CVS and other infrastructure, compacts, Community Foundations	Community councils, Area Arrangements, Place Partnerships, Community Networks	Co-design of commissioning strategies and/or services, being part of a public service framework, community asset transfer	Winning contracts, forming delivery consortiums, participating in alliance contracts

The typology can be used as a **strategic tool** by both councils and VCS organisations to analyse the health of their own relationships, identify strengths and weaknesses, and plan ways forward.

The second research output is **a set of four principles,** which provide the building blocks for successful relationships:

1. **Shared foundations:** clarity of purpose, values, and roles, built on shared understanding, knowledge and a commitment to partnership working
2. **Relational culture:** behaviours and ways of working that enable the power of community to flourish, with both sides giving generously to the process and being open to receiving feedback
3. **Effective structures:** systems, mechanisms and processes that are fit for purpose and enable innovation and sustain long-term commitment
4. **Capacity and resources:** having the wherewithal to take action.

Both Locality and the LGA believe the typology and principles will prove useful assets to help councils self-assess and track progress in relationship-building with the VCS. However, it is important to **understand them in context**: past, present, and future.

This topic cannot be fully understood without exploring how it has been shaped by external factors in **recent history**. While this research has identified strategic relationships in different forms and stages across the country, it also identified the impact of two landmark events: the reduction in most public service budgets that followed the 2008 financial crash, and the COVID-19 pandemic.

The former saw the VCS become involved in more competitive – and less collaborative – local service provision. The latter broke down much of the bureaucracy that this approach created. Throughout the pandemic the VCS were often able to respond quickly to community need, sometimes where councils could not. As research participants stated, this led to a re-valuing of voluntary

organisations and community groups, enabling councils and VCS to work with one another more closely to support those most at risk in their communities.

In the **present day**, there are two key factors that shape the scope of any council-VCS relationship. First, the continuing financial pressures faced by both local government and VCS alike and second, the transition from one crisis to another as the challenges of, and responses to, the COVID-19 pandemic fade into the constraints of the cost of living crisis. Both make strategic relationships even more important, though neither make them any easier to manage. This is against the backdrop of rising demand for support services and the complexity of that demand on both councils and VCS alike.

As we look to **the future**, we must note how the same is true of the emerging funding landscape. Local services will cost an additional £8 billion between 2021 and 2024. This is on top of an additional £3.6 billion in costs for councils in 2024/25, caused by rising energy prices, spiralling inflation, and National Living Wage pressures.[i]

In such difficult economic times, it is more important than ever that councils and their local VCS understand how to work together as closely and effectively as possible. While government funding that flooded in during the pandemic may not reappear, there are important lessons to be learned from that crisis and the years preceding it. A shared vision, true co-production, close relationships supported by robust structures, and proactive support for local organisations – all are vital.

There will undoubtedly be a need for a longer-term central government strategy to support this approach. However, there is inspiration to be taken from partnerships happening right now across the country. Our findings and suggested principles are brought to life throughout this report by deep-dive case studies on five different council areas – **Calderdale**, **Derby**, **Hackney**, **Malvern Hills**, and **South Gloucestershire**.

In total, the research engaged 57 councils including a deeper analysis of 18 council VCS strategies. This encompassed a representative range of political control, council type, and geography.

2. Introduction
Strong relationships between councils and the local voluntary and community sector are the bedrock of successful places.

VCS organisations offer huge amounts to local areas. They provide services, generate wealth, and connect, engage, and empower people. They can also be a key means of delivering council strategies. Indeed, in an era of tight budgets, increasing demand for services and complex problems, it is hard to think how public sector priorities could possibly be achieved without working alongside local partners.

For local VCS organisations, councils represent a key partnership. They provide an opportunity to:

- shape the direction of their places
- serve the evolving needs of the community
- generate vital income
- build long-term community power.

Up and down the country, there are exemplar areas where councils and local VCS organisations are achieving huge things together. However, it is not always the case that these relationships are as mutually supportive and productive as they could be.

The LGA has therefore commissioned Locality to conduct this research to understand the state of strategic relationships in different local areas and how they can be built on or maintained. This includes:

- assessing the nature of strategic relationships between councils and the local VCS
- understanding the conditions and structures which enable them to flourish
- developing learning for how to embed strong partnership working across the country.

As this report will show, many councils have different types of relationships with different members of their local VCS. This research, based on existing good practice, dives deeper into the importance of working closely with the local VCS and suggests principles that councils could use to forge better relationships in the future.

3. Methodology

Locality used an iterative approach to this project across a blend of primary and secondary research methods. We engaged 167 individuals from VCS organisations and councils across four workstreams, these were:

1. Understanding the context
2. Gaining new insight
3. Diving deeper
4. Developing principles.

Workstream 1: Understanding the context

To understand the broader context for strategic relationships between councils and their local VCS, we completed a desktop review of relevant literature. This included a cross-section analysis of 58 key documents from various sources.

This was accompanied by interviews with seven key expert stakeholders, representing six organisations, to deepen our understanding of council-VCS relationships and test our initial assumptions. You can find the list of stakeholders interviewed in Appendix B.

The findings from this first stage were synthesised to develop a draft thematic framework, the framework set out 'types' of strategic relationships as well as common barriers and principles that underpin them

Workstream 2: Gaining new insight

In order to test the draft framework and understandings developed in workstream 1, we facilitated a series of workshops with VCS representatives, councillors, and council officers. A total of 121 individuals attended the three workshops.

Those from the VCS represented organisations of varying types and sizes, serving a diverse range of communities. Councils involved represented a range of geographies, council types and political control.

The workshops explored the current state of strategic relationships in the areas represented by attendees. They also involved discussion of the strengths and weaknesses of different types of relationships, the perceived barriers, and what could be done to overcome them.

Workstream 3: Diving deeper

The third workstream involved in-depth interviews with five VCS and council representatives from five areas across England. In total, researchers engaged with 37 senior council officers, councillors and local VCS leaders during these interviews. They sought to showcase best practice and further our understanding of how strategic relationships are working in practice.

The five council areas were chosen based on the research framework to represent a broad range of strategic relationship 'types'. In addition, further considerations such as geographic spread and political control were considered. These were:

- Calderdale Metropolitan Borough Council
- Derby City Council
- Hackney London Borough Council
- Malvern Hills District Council
- South Gloucestershire Council.

These deep dives helped to develop a full picture of the strategic relationships, capturing local nuance and colour. Alongside the case study interviews, we looked at data from the Oxford Consultants for Social Inclusion's 'Local Insight' platform to produce a summary of the key demographic and socio-economic data for each area.

Workstream 4: Producing findings

This final workstream brought together the findings and analysis from the first three and tested them in a final cross-sector workshop with 15 senior leaders from local VCS organisations and council. From this, we produced a finalised:

- typology of strategic relationships
- set of principles for good partnership working
- established a view of the current national policy and ongoing crisis context, which proved key to how the principles should be understood in practice.

4. Setting the scene

The state of strategic relationships between councils and the VCS in England can be described in one word: mixed.

In some areas, the two work together as true partners. They take shared, structured, and sustainable approaches to tackling local issues by developing the capacity of their communities to act. In others, if a relationship exists at all it is based on assumptions that the local voluntary sector is a 'nice' add-on to have. Here, the VCS is not seen as having the skills or capacity to be a partner in tackling the entrenched problems in a place. These assumptions are usually grounded in misunderstanding. For most, the truth sits somewhere in between.

Understanding how and why this landscape has emerged is key to developing a better vision for its future. Through the literature review and expert interviews conducted as part of this research, two events in recent history were identified as having fundamentally shaped how councils and the VCS interact. The first was the onset of austerity and the effects this had on public service delivery, and the second has been the COVID-19 pandemic.

Governments of all stripes have taken different approaches to building stronger communities by supporting voluntary and community sector organisations. However, a common thread throughout has been the changing nature of these organisations and their relationship with public sector delivery and priorities.

In the early 21st century, the New Labour government rolled out an array of national community development programmes. These created strategic partnerships not only at local government level, but with central government too. This new arrangement between the state and the VCS included increased resources and a supportive wider policy environment.[ii]

The coalition government of 2010 took a different approach to working with voluntary organisations and communities by implementing the 'Big Society' policy, focussing on three areas:

1. Social action
2. Public service reform
3. Community empowerment

It put a focus on granular community activity, supported by an encouragement of volunteerism. This moved away from larger national structures for local support and placed a greater onus on individual areas developing their own ways of working.

The 'modernisation' of public services developed under the coalition government[iii] sought to adapt public services further by, among other things:

- increasing choice for individuals wherever possible
- decentralising services to the lowest appropriate level
- opening services delivery opportunities to a range of providers.

This shifted the role of the VCS significantly. It became even more involved in local service provision, entering into relationships with councils via public service contracts, which often also resulted in a significant reduction in grant funding. Many VCS organisations are now key public service delivery partners for councils, delivering effective, holistic, person-centred, and place-based services. Indeed, Locality have found that many of the examples highlighted in our research are related to commissioning and procurement. This demonstrates just how dominant public service provision has become in the relationship between councils and the VCS.

However, key to this shift has been a competitive approach to providing local services, which occurred in response to the economic turmoil of the time. A reduction in council budgets of almost 27 per cent in some areas[iv] contributed to this. While this has led to innovation in many areas, research participants thought it had more often than not hindered collaborative partnership working between councils and their local VCS.

Against the backdrop of public sector cuts, a greater onus was also put on the VCS to support residents who were falling through the gaps of the state's safety net. The rapid rise in food banks is just one example – between 2009/10 and 2016/17 the number of food parcels handed out in the UK each year rose by over 2,800 per cent.[v]

At the onset of COVID-19, councils and VCS alike provided rapid crisis support to communities with the onset of COVID-19. This period brought both parties into a different, less transactional relationship. They had to work in close partnership to meet a shared challenge. As the country faced lockdown and social distancing to curb the spread of the disease, many residents were left isolated and at risk. It soon became clear that in many places the VCS was able to respond fastest to this crisis.[vi] The community infrastructure built up over time meant the VCS knew who needed help, what help they needed, and how to get it to them quickly.

To support this, councils were able to direct large amounts of unrestricted central government funding to the neighbourhood level. A survey of Locality members in January 2022 found that 78 per cent had accessed government support (not including the furlough scheme). This was mostly administered through councils and included retail and hospitality grants, small business relief, and local restrictions support.[vii]The Government also clarified procurement rules to ensure that VCSE organisations could continue to operate with an onus on ensuring suppliers were paid promptly or even in advance which allowed councils to get funding to the VCS much quicker and easier than before.[viii] This all supported a shared goal of local partners – to support clinically vulnerable residents and those most in need.

Combined, this meant that trust between councils and the VCS grew.[ix] Overnight, they achieved action that would otherwise have taken years to agree on. It is important to note, however, that this worked much better where existing relationships were strong. A joint response was much easier to coordinate where plans, systems, and channels of communication between councils and the VCS were already in place.

It is difficult to ignore what is often the overarching factor in the facilitation of council-VCS relationships: funding. Trust, flexibility, and agility are much easier to achieve when funding is available to help the cogs turn. This means adequate long-term resources for councils and, in turn, VCS organisations. For the latter, it is important that this is the right kind of funding issued in the right way. This could be flexible grants and contracts based less on measuring key performance indicators and more on supporting long-term resilience and capacity to innovate. Such an approach can help produce more sustainable and impactful services for local people.[x]

Pandemic-era relationships are now being embedded in some places. In others, however there is already concern from both sides that relationships are slipping back as emergency funding arrangements end, restrictions cease, and the sense of shared purpose weakens. All while the expectation of peak-pandemic delivery often remains for both. As skilled and driven as the VCS is in responding to crises, it is rarely its primary mission – particularly when it is not funded for it.

During a series of nationwide VCS and council workshops, when asked about the impact of the pandemic on relationships, participants told us things like:

> "Community organisations are being trusted to deliver local services (for example, distributing the Household Support Fund direct to residents). But we are now being expected to step up and meet gaps in services, so the boundary between council and community services is often blurred." **– VCS leader**

> "Relationships improved but grants from central government are drying up and leading to tensions emerging." **– Councillor**

In the wake of the pandemic and as the cost-of-living crisis deepens, there is a clear need for councils and the VCS to continue working closely together. Clearly, funding is an important element in facilitating this collaboration. However, there are many examples of innovative partnership working during these crises that give this research cause for hope – not all of which require such extra resource. Equally, as Integrated Care Systems (ICS) continue to develop, there will be further opportunities for partnership working between the local VCS and public sector.

Our deep dive case studies below and throughout Section 7 highlight how councils are taking practical steps to embed partnership working. They show, among other things, that local partners are innately resilient and with the right conditions these relationships can flourish.

Deep-dive case study: Malvern Hills

Context setting

Malvern Hills district, in Worcestershire, has a largely older, white British, rural demographic. As such, the economically active population is slightly below the English national average at 68 per cent. While most of the district is in the least deprived 50 per cent of areas in England, there are small pockets of deprivation.

Areas with a similar profile often experience issues of isolation, poor connectivity, and limited physical infrastructure. Yet, Malvern Hills bucks this trend with high levels of community and civic infrastructure. The same is true for the presence of accessible community, civic, educational, and cultural assets. The district also has high levels of both VCS engagement and resident engagement in civic and community life. Overall, the district scores 18 per cent higher on the Community Needs Index – which aggregates these metrics – than the English average.[xi]

The district's success in these areas may well be linked to a trusted relationship between Malvern Hills District Council and the local VCS sector. This has come to the fore in recent crises, including both the COVID-19 pandemic and widespread flooding in 2019 and 2020. The sense of whole-community response – including councillors, community leaders, and residents – triggered a new way of thinking for the council.

The level of localised management and data required to respond effectively could only be achieved by letting communities take the lead. This relationship of trust also helped in the dissemination of large amounts of funding in a "risk mature" way. This involved being realistic and proportionate in weighing the risk of such action against the likely benefits.

Beyond crisis response, the council also has a track record of supporting VCS infrastructure and community assets. It sees its role as facilitating discussion between groups and offering support based on maximising strengths and identifying gaps for better services. For example, the council has also stepped in to keep the Malvern Theatres open, as well as Malvern's Community and Youth Centre, and Malvern Hills College.

Key to the council's partnership with the VCS is its work with several national organisations which have a local presence (Christians against Poverty, Citizens Advice, Age UK, Action for Children). Despite being branches of national charities, these organisations emphasise the local nature of their operations. All run their centres autonomously, train local people, and focus on local issues.

Types of partnership working between the council and local VCS

Inspired by the community response to the crises above, the council developed its new [Connected Communities Strategy](). This is centred around 'asset-based community development' (ABCD). This approach is based on identifying, maximising, and benefitting from the existing resources, skills, and experience within a community; "We recognise what exists rather than trying to change it".

As part of its ABCD approach, the council has recently launched a £500,000 fund to strengthen and develop the district's communities following the pandemic. The 'Connected Communities Fund' is being used to support projects around the themes of places, people, and supporting charities and social enterprises. It will fund a new crowdfunding scheme to continue the council's investment in community projects. It will also provide for a new digital platform to improve engagement with residents in the development of their neighbourhoods.

From a structural perspective, the council have set up the 'District Collaborative' as a place-based partnership supporting the design and delivery of integrated services across localities and neighbourhoods. It involves the council, VCS, NHS, residents, service users and their carers, and representatives of other community partners. Together, they seek to support the health and wellbeing of the population.

The structured partnership holds summit meetings (30-40 people from around 25 organisations) to share experience and knowledge. It is helped by the council, which gives guidance, management, and support to the group. Importantly, it is chaired by VCS leaders. The group meets regularly every six to eight weeks and people can take part depending on their needs (smaller organisations may not have the capacity to attend every meeting). "We don't have to be the big people – no ego involved", says one VCS leader. Building trust and solid relationships face-to-face is seen as key.

The partnership uses these meetings to identify priority areas and agree a focus. From this, an action plan is devised to release funds, decide on the approach to take and the time and the resources it will require. The council asks itself, "who does this well already and who has the reach?" It understands that a council officer for everything is not the answer when significant strengths already exist within communities.

More recently, the Ukraine refugee crisis has resulted in a widespread generous response from the community. Places were found for 273 people to reside in 108 homes in Malvern Hills. The council identified South Worcestershire Citizens Advice (SWCA) as being best placed to provide a welcome payment to each Ukrainian refugee and to help with subsequent benefit claims. The council also funded a part-time officer based in the SWCA. The council agreed the parameters with SWCA at the start beginning, trusting and empowering them to deliver.

Overcoming barriers to strategic partnership working

Common challenges to partnership working exist in Malvern Hills. For example, jointly deciding on priorities requires compromises. As such, the value of the approach must be seen in its ability to generate consensus, even if some parties are disadvantaged. While discomfort still exists in this representative culture, this can be addressed by training in the theory and value of the ABCD approach for all parties.

Cash funding is also required to support the partnership itself with resources and time allocation – capacity and availability are often seen as the biggest barriers. In terms of the council's capacity, this can be addressed by dividing responsibilities between different staff at different levels. However, this is more difficult for VCS organisations with smaller staff bases.

Lessons to take away

Success at Malvern Hills is driven by a specific service area, lead councillors, and the strong relationships they have built with VCS partners. The council recognises the potential weakness of relying on individuals so is seeking to embed the culture corporately so that it becomes "the way we do things around here".

The council has looked across the organisation to identify where opportunities exist to embed the approach across various functions and services. It has also sought to build an understanding amongst all councillors to increase the number of political champions. Strategic structures, such as the District Collaborative, are also important for continuing conversations and workstreams when individuals move on.

Early conversations and genuine dialogue around issues with ongoing communication is seen as key. It is understood that the council should support the VCS when things do not turn out as expected. Rather than criticising the process, this involves asking "what can we do to improve?", or, as the council puts it, "not pulling out when things go wrong".

The Council also understands that ABCD is not something that they can do alone. Instead, they see themselves as part of a wider system. This means identifying and working with partners with similar principles who are trying to achieve the same thing.

5. Benefits of councils working with the VCS

Local voluntary and community sectors often encompass an array of organisations whose primary purpose is to create social impact rather than profit.

According to the UK Civil Society Almanac 2021, this sector contributed about £20 billion to the UK's economy or 0.9 per cent of gross domestic product ("GDP"). However, a more rounded assessment of the impact of this sector also needs to consider the often untold social value these organisations create.

The local VCS is central to both building social fabric and delivering services in a place. But its impact is greater than just the sum of those parts. Councils can support this by investing resources in the VCS to maximise the inherent social value it provides alongside its economic value. This effect is enhanced when the private, public, and voluntary and community sectors work in unison towards shared goals for their place. For example, they each have a role to play and different complementary strengths in driving economic growth, creating jobs, and nourishing healthy, inclusive, and thriving communities.

With regard to the positive impact for councils of working with their local VCS, our research has found two categories of benefits – **direct** and **indirect**.

Direct benefits

Direct benefits are those which have a clear positive impact on the ability of councils to delivery their statutory duties and/or achieve their priorities for their place. These include:

- **Delivering better services** – more often than not the VCS cuts across everything councils do – from health and fitness to employment, housing to transport. Commissioning the local VCS often produces higher quality services that deliver tailored support to residents based on deep-rooted

connections and knowledge. Doing so also helps to build local economic value and sustainability. For example, local organisations often have shorter supply chains and a more locally embedded workforce.[xii] Examples of this approach in practice include:

- o **Innovation partnerships** - these allow contracting authorities and commissioners to establish a long-term partnership for the development and subsequent purchase of a new, innovative product, service or works. This process will be removed via the Procurement Bill, instead there will be a new flexible procedure that allows councils to decide up front how they want to procure. In Oldham, for example, the council has supported a Social Prescribing Innovation Partnership. The network is led by local infrastructure organisation and is comprised of both local and national charities as well the NHS 'collaborative practice' network [Altogether Better](#).
- o **Systems thinking for transformational services** – For example, Hackney Council and VCS partners have used a 'systems thinking' approach in a recent review of their debt and advice services. This involved shifting its perspective to understand the range of factors that cause an individual to fall into debt, and how the whole council–VCS system can better support them to manage these. As such, the services have been redesigned collaboratively to ensure that they acknowledge the complexity of people's lives and how to achieve sustainable outcomes, rather than prioritising the achievement of basic standards and targets.[xiii]

Whilst working with VCS delivery partners on council priorities can ensure value for money, it can also place strain on those partners if funding does not allow for [full cost recovery](#).

- **Increasing reach of services** – particularly for county councils, the VCS are crucial to supporting councils to deliver many services across large geographies and diverse communities. VCS involvement adds to council knowledge, capacity, and resources to maximise the reach of services.

- **Delivering important additional services to support effectiveness of statutory services** – for example, in adult social care it would be impossible to deliver the required level of care in communities without the VCS doing a large amount to support individuals that is beyond statutory services.

In Derby, a more strategic relationship has enabled innovation, despite continuous reductions in council budget. Ongoing relationships and VCS involvement in council policymaking has led to more creative solutions to address emerging needs and public concerns.

- **Unlocking untapped resources within the community itself** – the VCS can mobilise people and resources in a way councils often cannot. The community response to the early stages of the pandemic was a clear example of this. As one interviewee said, "We wouldn't have fed people during Covid without the VCS". Local volunteers were vital to identifying people in need and arranging

delivery of the supplies they needed. However, we heard how this can only happen where a council supports and maintains strong relationships with the local VCS in 'peacetime' to build community resilience. This ensures that the partnership is primed for action when crisis strikes.

In Calderdale, the council told us that working with the VCS has improved their services and increased impact. The council recognises how essential specialist VCS organisations in the local area are. They are able to mobilise more rapidly than the council to respond to some emergencies. This was the case in responses to COVID-19, floods, and urgent refugee resettlement, particularly for those arriving from Ukraine and Afghanistan. Those interviewed suggested that involving the VCS helped the council to respond more effectively to provide shelter, sustenance, and links into other specialised services in these emergency situations.

- **Enhancing places** – if a council's core duty is to create a better place for people to live, the VCS should be involved as they share the same purpose. This is particularly relevant when places need revitalising in the wake of:
  - economic and public health crises
  - public sector spending cuts
  - long-term economic policy resulting in wealth being drawn out of the area by external actors.

For example, community anchor organisations (larger, more established neighbourhood-based organisations) and community businesses "[provide] an opportunity to tackle local skills issues and tailor to the needs of the local economy; develop relationships with new public and private partners that could support the evolving devolution agenda, and; [provide] an additional market for trading expertise amongst small, ambitious businesses".[xiv] They also play a particular role in regeneration, acting as local economic multipliers in disadvantaged neighbourhoods.

- **Representing diverse communities for tailored service provision** – the VCS can perform a vital function as local connectors. It strengthens links between the council and residents and uses creative methods to ensure that diverse voices are present in local decision-making.[xv] This means that decisions and their consequences on service provision are more likely to service the actual needs of, and demand from, the community. Councils can therefore achieve their aims more efficiently and avoid unintended negative consequences.

Indirect benefits

Indirect benefits are those which have a broader positive impact on the strength of the local community. This includes in areas which serve as wider determinants of health and wellbeing, thus reducing the need for curative council interventions further down the line. For example:

- **Rebalancing power to increase civic participation** - in partnership with VCS organisations, councils can create the necessary environment for people to be heard by those with power and influence.

This approach creates new connections within communities and provides the time and space to build relationships, fostering understanding, trust, and tolerance. The benefits of this are two-fold. Firstly, underrepresented individuals and groups feel their truth is being valued. Secondly, in doing so they gain an improved understanding and insight of civic institutions, councillors, and those delivering services. Ultimately this improved awareness on both sides strengthens connections, dispels myths, and improves cohesiveness within communities.[xvi]

For example, many councils will work in partnership with their local VCS to engage communities in decision-making processes. For example, Waltham Forest London Borough council for example worked closely with their VCS to engage residents in their new Equality, Diversity and Inclusion (EDI) Making a Living Programme. This has produced four resident-led priorities for tackling inequalities and making a living in the borough.

- **Increasing aspiration and enterprise through community ownership** - community ownership can drive aspiration, enterprise, and transform local services. Having the places and spaces where communities come together is also a vital resource for building local capacity and participation. Community ownership offers a route to more direct community responsibility and control by enabling them to take on an asset or play a more active role in running a service.[xvii]

- **Increasing social capital** – by working with the VCS to develop spaces for the community to come together organically to collaborate on local issues, councils can grow social capital and networks.[xviii] This leads to greater sharing of norms and values which, in turn, increases trust, cooperation, and reciprocity. Through this, councils can better build engagement and consensus around initiatives for development of people and place. This will be key to the Government's 'levelling up' agenda at a local level. The February 2022 white paper is clear that local government must work with local stakeholders including civil society and communities to improve outcomes in their areas.[xix]

The nature of many of these benefits means that it can be hard to quantify the true value of a thriving VCS. Although as the report will go onto state some councils are working to understand and benefit from the impact of the VCS locally. What is clear from this research is that councils would certainly miss, and in some case struggle to deliver their core services, if it were to disappear. Failing to properly understand, value, and collaborate with the sector will significantly damage the quality of services available to residents and the longer-term resilience of communities. This valuation and joint working could be critical as councils look to respond to the current cost of living pressures faced by residents up and down the country.

6. A typology of strategic council-VCS relationships

What is a strategic relationship?

Councils and VCS organisations interact with one another in many ways. Some of these are proactive and focused on the big picture – working together to shape a council area's long-term vision, for example. Others are reactive and more delivery focused – such as was seen across the country to provide emergency support during the pandemic.

To understand the different ways councils and VCS organisations form strategic relationships, this research has sought to define the broad 'types' of relationship currently operating between councils and their local VCS. First, this required clarity on what is meant by a 'strategic' relationship. There is little in the specific council and VCS literature that addresses this question. However, business management literature provides some common characteristics of a strategic relationship which have application here. According to this, such relationships:

- are set up to achieve well defined common goals
- are undertaken deliberately and willingly
- are often long-term, although doesn't have to last long
- are usually quite formal, although not as formal as total merger or setting up a new legal entity
- entail sharing resources, knowledge, networks, and markets
- don't have to be between same types of organisations or equals in term of size
- need nurturing with regular communication.

The research has found that there are no hard rules that make a relationship 'strategic' or 'non-strategic'. Instead, strategic relationships are defined by a set of qualities, which are either present or absent.

Research leads also considered whether 'formal' and 'informal' provided another useful framework through which to analyse relationships. However, reviewing councils' strategies[xx] highlighted that this particular phraseology might be problematic for councils. Formalised partners and/or mechanisms implies all partners have statutory decision-making powers and structures, which often isn't the case for voluntary and community sector organisations engaging with councils. What's more, interviewees for this project stressed that "informal" relationships - unstructured, personal relationships between individuals and organisations - are important for making the more structured strategic relationships function better. Concerns, however, were raised around whether "informal" relationships can sometimes lack transparency and rely too heavily on existing relationships. One interviewee highlighted how this can create a perception of some VCS organisations having a "privileged" relationship with the council, sometimes mirroring other aspects of privilege in society.

It is also important to think about scale and the impact of varied and evolving local government geographies. The Levelling Up white paper set out a new devolution

framework for England.[xxi] This has extended devolution beyond metropolitan areas and set out pathways to a devolution deal for every area of England that wants one. A devolution deal for many areas might mean creating new [combined authorities](#), meaning VCS organisations would need to work across a larger scale.

A more complex spatial picture is developing, with a range of new strategic geographies coming into play. This includes for significant funding like the UK Shared Prosperity Fund and the establishment of Integrated Care Systems with the NHS. The local VCS therefore needs to be able to interact at a range of levels and have relationships which can let them interact as partners across geographical levels.

This research does not conclude if one type of relationship is inherently better than the other, and indeed, many local areas will have different types of relationships with their voluntary and community sector.

Common barriers to strategic working

Before setting out what strategic relationships between councils and the VCS look like, it is important to consider what can stand in the way of good partnership working. This research has identified several common barriers, which include:

- **Perceptions about contrasting approaches to working** – councils can be seen as top-down, and VCS organisations more bottom-up, often due to differences in size and bureaucracy. There are also differences in governance, as councils are politically led, with councillors not officers ultimately responsible for policy decisions.
- **A lack of time and resource to invest in relationships** – while this provides particular challenges for VCS organisations, who are comparatively under-resourced, long-term pressure on council budgets makes it a cross-cutting barrier.
- **Commercialisation of relationships between the two parties reducing scope for collaboration** – driven by a reduction in council funding alongside councils' statutory requirements and the overarching policy paradigm.
- **Lack of clarity from the VCS in terms of the support wanted or needed from councils** - this can be broad and numerous and therefore difficult to prioritise.
- **A lack in some instances of senior buy-in within councils for better VCS support** – this includes a reluctance to work in partnership. There can be different approaches at councillor and officer level, with officers sometimes more willing to work collaboratively than councillor and vice versa. There can also be different approaches amongst officers at senior level which can hinder relationship building.
- **Over-reliance on reactive collaboration in times of emergency or on ad hoc pieces of strategy work** – rather than long-term partnership working and planning for the future together.
- **Local historical issues affecting current and future relationships** – such as disquiet within the VCS around past council funding decisions, or perceptions that some organisations are favoured by the council over others.

- **Issues around structures** – VCS organisations often find it difficult to know how and who to engage with within councils. This can be different per council area and can be different across council departments. Similarly, a lack of organisation of the VCS locally can make it hard for councils to know who to approach.

Typology toolkit of strategic relationships
Toolkit for councils and VCS to assess their relationships

It is clear that councils and VCS organisations interact with one another in many different ways. This research has therefore identified five key 'types' of relationships. The aim has not been to create an exhaustive list, but to capture the main ways relationships are formed.

The typology is as follows:

Type	Shaping relationships	Ongoing relationships	Neighbourhood relationships	Commissioning relationships	Delivery relationships
Summary	Formalised structures through which councils engage VCS on strategic direction	Practical mechanisms for working together on a day-to-day basis	Neighbourhood level structures for local engagement and where powers, funds, or service delivery can be devolved	Working together throughout the commissioning cycle. Planning strategically based on local needs, assets, aspirations, and priorities. Co-designing the services to be procured, and the process for doing so. Monitoring and evaluating based on agreed, meaningful, and illustrative metrics.	Local VCS participating in tenders, winning contracts, and delivering local services
Example	VCS Partnership boards, VCS strategies	CVS and other infrastructure, compacts, Community Foundations	Community councils, Area Arrangements, Place Partnerships, Community Networks	Co-design of commissioning strategies and/or services, being part of a public service framework, community asset transfer	Winning contracts, forming delivery consortiums, participating in alliance contracts

This typology was tested across four workshops with council officers, VCS organisations and councillors, as outlined in the methodology. It was felt by participants to capture the broad categories of relationships. It was also clear that local areas would not build relationships in one way. Instead, they would have relationships across most, if not all, of these types. Relationships could also blend different aspects of the typology.

The workshops also considered to what extent these types might be placed on a strategic spectrum. This spanned 'highly strategic' at one end and more 'delivery focused' and 'transactional' at the other. This will never be an exact science. Most relationships fall somewhere on a spectrum, for example, commissioning relationships can be highly strategic if they are based around co-production, working

collaboratively to assess needs and strengths, and designing service intervention to address them. However, commissioning relationships that are simply competitive procurement exercises can be much less strategic.

It was therefore felt that the typology would function best as a framework for helping local areas understand their strategic journey, should they wish too. It could then be used by both councils and VCS organisations to analyse the health of their own strategic relationships, identify strengths and weaknesses, and plan ways forward. This exercise could be done by councils and the local VCS separately, together, or both. This would provide a structured framework for both internal and cross-sector conversation.

There are three steps to using this typology as a strategic tool:

1. Evaluate typology

Consider existing relationships between the councils and the VCS. This could include:

- where they sit on the typology
- which departments and service areas they are belong to
- whether they can be considered "strategic" or not, and why.

2. Mapping exercise

There are two ways the typology could be used to map relationships:

    a. <u>Mapping relationships against a series of axes:</u>

- strategic-transactional
- proactive-reactive
- financial investment (high-low)
- time investment (high-low).

For councils, this mapping process will enable them to clearly understand the range of ways they interact with their local sector and assess how strategically they do this. This process will be most effective if it involves a range of people from different departments across the council. The key benefit will be the conversations it provokes. Strengths and weaknesses should surface as colleagues share information and compare views on a range of issues relating to strategic relationships.

Likewise, strategic mapping will enable local VCS organisations to assess relationships from their perspective. This should include relationships within the sector, as well as with the council. VCS organisations do not always collaborate effectively with one another or create a mutually supportive infrastructure locally. However, it is clear from our research that supportive partnership working with councils is only one piece of the puzzle for VCS organisations. To maximise capacity and capability, there needs to be better collaboration locally. They may be by working together to form delivery consortiums, or larger community organisations supporting smaller groups.

    b. <u>A spatial map of relationships:</u>

The different types of relationships could also be mapped in terms of scale. Some relationships might sit at a 'whole place' level, encompassing the entire local authority area. Others might be more hyperlocal, operating across a range of neighbourhoods. Others still might encompass a whole region, joining up with either combined authorities, ICS or new funding geographies.

This approach would enable councils and communities to think about the local ecosystem. This would include where different types of relationships exist, whom they exist between, and what the specific structures and support are that can help them flourish. This will produce a clear picture of the scope of local relationships, from overarching strategic boards to how VCS organisations support communities.

3. Creating an action plan

This mapping process is something councils and VCS organisations could do separately, to clarify their own perceptions of the strategic journey. Or it could be an exercise done together, to build a shared understanding and agree a collective vision for where they want to be.

However it is done, the final step should be to create a joint action plan. This is an opportunity to clarify the understanding built through the process, define tangible next steps to strengthen strategic working and who is responsible for taking it forward.

7. Four principles underpinning strategic relationships
While there is no blueprint for success, some common principles for what makes successful relationships have emerged from this research.

However, it is important to note the importance of the external policy context for councils and communities. Strategic relationships require the right conditions to flourish. Central government policy is therefore crucial in shaping effective partnership working. But the good practice identified by this research is often at odds with – rather than being actively supported by – key aspects of central government policy. Key barriers we have identified include:

- competitive commissioning that often values economically advantageous (often interpreted as the cheapest) bids over others
- reduction in council budgets
- short-term time horizons
- lack of long-term investment
- highly centralised approach to policymaking.

What's more, the local context in which councils and the VCS are forging these relationships can be hugely challenging. Both have been facing crisis conditions for well over a decade now. As already stated, these have included the financial crash

of 2008 and the subsequent reduction in council, and in turn VCS, budgets, as well as the political instability that followed the EU referendum and the COVID-19 pandemic. As we enter into a new era of instability facing communities these include:

- **The cost of living crisis** – the hardship of the pandemic is now being compounded by a growing cost of living crisis. Both councils and the VCS are having to redouble efforts to support local people worst hit by rising inflation and huge pressure on household bills. However, they are doing so at a time when their own operating costs are reaching unsustainable levels. Locality members have described the impact on their finances as "worse than COVID-19".[xxii]
- **The growing impact of the climate emergency** - over recent years, both local VCS organisations and councils have been increasingly active in supporting responses to extreme weather events such as flooding. The heatwave of 2022 has reinforced awareness that the climate emergency will lead to greater frequency of extreme weather, and all local partners will face even greater demands on their capacity to respond.

Both the LGA and Locality therefore suggest the four principles set out below as the core building blocks of successful strategic relationships. They have been identified across the research as foundational concepts on which effective, long-term partnership working can be built. They provide a means by which councils can evaluate the strength of their own relationships with their VCS – along with our typology – and assess what might be missing.

However, while they are general principles, they are not being applied in practice in laboratory conditions. Local context will vary – and, as stressed above, external conditions will often be suboptimal and implementing these principles might require going against the grain of national policy. In discussion of the principles, we therefore seek to consider context throughout and in the 'Conclusion' section of this report.

Principle One
Shared foundations: clarity of purpose, values, and roles, built on shared understanding, knowledge and a commitment to partnership working

The research shows that there should be clear understanding on both sides of the purpose and benefits of relationships, what the different roles are, and appreciation of the different knowledge and skills. This requires trust, shared goals and rebalancing of power.

As found within the literature review "Successful collaborations have come about when partners agree on a clear purpose … and where roles and contributions are identified and defined"[xxiii]

Key elements:

- **Rebalancing power** - collaborative partnerships, with parity of esteem, trust, and mutual respect.

At present, unsurprisingly the research shows that the power within these relationships is often held predominantly by councils. Whilst there will always be power dynamics within such relationships, without effective power sharing, this creates an unequal starting point. This dynamic needs acknowledging and proactive action taken to rebalance it.

To address this power imbalance, some councils are shifting away from a consultation model – where the VCS is asked to feed in at the end of a decision-making process. Instead, they are moving towards a model of genuine community involvement, with councils and the VCS working hand-in-hand from the outset on key council decisions.

Consultation processes are regularly used by councils to engage with local VCS organisations. They are a core function of council engagement and are an essential democratic check on local decision making. The process of consulting with residents and the VCS works well in some instances, but it can also be seen as a tick-box exercise, conducted when key decisions have already been taken and the parameters of a discussion have already been set. Instead, some councils are seeking to use a partnership approach with a focus on engaging key stakeholders early. Here, the community is not simply consulted at the end of a process but is helping to shape it from the start.

At a high level this might mean ensuring genuine VCS involvement in setting overarching council strategies. This can help to develop a common set of goals together. On a more micro basis, it might mean agreeing meeting agendas together in advance rather than VCS organisations inputting into ones that have been predefined. The key is for the VCS to have a significant role in shaping direction rather than simply receiving information.

It is also important to think about the local VCS eco-system and how effective partnerships and power sharing arrangements can develop between larger and smaller VCS organisations.

This might mean more established community 'anchor' organisations supporting smaller community groups in a particular neighbourhood. Or it might mean a large national charity forming a supportive partnership with local organisations to deliver a service contract. But the same principles of trust and mutual respect apply to relationships within the VCS as they do between councils and communities. Through this research, council officers also raised a concern around the ability or sufficiency of larger community anchor relationships to truly represent the views of smaller community groups. If the VCS can be clearly seen to be working effectively together, it strengthens their role as a trusted partner for the public sector and supports the rebalancing of power.

Deep-dive case study: Derby

Context setting

Derby is a multicultural metropolitan area in the East Midlands with an age profile largely akin to the English average. The city has pockets of high deprivation – 37 per cent of the population live in the most deprived 20 per cent of areas in England. There is particular deprivation around health, with nearly double the proportion of people living in health deprivation 'hotspots' than the English average. These are clusters of neighbourhoods which have particularly low health outcomes or score low on the health deprivation measure of the [Indices of Multiple Deprivation](#). While the city has a high population density, it is also a green one with a total of 824 hectares of green space, far above the national average.

Overall, the city scores 10 per cent better than the national average for community and civic infrastructure. This is reflected in the levels of VCS engagement and resident engagement in civic and community life. The same is true for resident connectivity to key services, including digital infrastructure. However, a lower civic assets score suggests that some areas of the city may lack access to key community, civic, educational, and cultural assets.[xxiv]

This varied profile of the community sector is reflected in historically mixed relationships between Derby City Council and the local VCS. These have been shaped by three major factors in the city: austerity, political fluctuation, and more recently, COVID-19.

Despite these challenges, leaders have managed to strengthen co-working thanks, in large part, to COVID-19-related changes. "It really was the pandemic that has done it", one VCS leader commented on a newer spirit of joint working, "and the new senior staff that has seen things differently." Overall, a more strategic relationship has enabled Derby to innovate despite very real challenges from cuts to council budgets.

Types of partnership working between the council and local VCS

Five years ago, Derby City Council created a new position – Community Leadership Manager – to develop a stronger working relationship with the VCS. At the time, voluntary organisations in Derby felt 'frozen out' of council decisions. Alongside other leaders on the Communities Team, the new manager facilitated a new relationship that moved away from transactional grant funding and towards a transition of power back to the VCS. In part, this related to the limited resources at the council, and its inability to realistically be a robust funder of the VCS. Yet it also signalled a recognition of the ways in which joint working could boost capacity across the city.

The Communities team, in partnership with leading VCS organisations, formed the Stronger Communities Board. This has been described as "a Trojan horse for the voluntary sector to occupy the council house", as it was designed to be a purely VCS-led board leading policy debate.

Putting the VCS in the driver's seat in this way has required other, unconventional approaches from new senior leadership. The council has also sought to create space informally for problem-solving, action learning, and open communication. This has been an iterative, ongoing process that has also helped bring the entire local VCS together.

Such informal mechanisms have also supported co-production, often at early stages of project development. This has also provided an opportunity for the council to support the VCS to secure external funding while working alongside the council. As a result, this transformed approach to strategic working has meant that commissioning doesn't always need to go to tender. The approach has also demonstrated how co-production with the VCS can be accomplished not just within the Communities team but across the entire council.

Even before the pandemic, commissioners were making space to experiment through funding VCS projects, like the Derby Youth Alliance. This collaboration of four VCS organisations designed a programme of youth work which was then funded by the council, and match-funded by Sport England. It was the first VCS alliance initiated by the council and formed the model for other alliances on other issues. The Alliance's joint working with the council laid the foundation for continued work, including This is Derby, which has reached over 3,000 young people. The scheme provides opportunities for disadvantaged young people in the city to raise aspirations, have meaningful experiences, and achieve their potential.

The pandemic offered new opportunities for strategic partnership with sectors traditionally kept at arm's length – such as Derby's faith communities. They led the charge in COVID-19 emergency response and were ideally positioned to engage communities traditionally disconnected from council work. For example, the community-led Muslim Burial Council responded to marginalisation of Muslim voices in the COVID-19 response. Its work to harness the power of interfaith networks has continued in Derby's Faith Forum and Keeping the Faith report

Council officers now work more closely with Derby's Multi-Faith Centre (a faith-based anchor institution). They have seen how the sector is able to adapt, self-organise, and cooperate in ways that uniquely advance strategic priorities.

Overcoming barriers to strategic partnership working

Today, Derby's partnership embodies a relational culture at many levels, even if progress is still required. Where siloed working, clashes of opinion, and hesitance to work alongside the VCS exist, they are addressed on two fronts.

From within, leaders have committed to adopting a community-minded approach and often challenge colleagues to work more closely with the VCS. From without, VCS leaders increasingly shape strategic direction through bodies like the Stronger Communities Board. There is even an informal Community Power Network consisting of Council and VCS leaders committed to shared collaborative principles. This self-described 'motley crew' of individuals operates as a community of practice to exchange ideas "candidly, but confidentially". Meeting fortnightly, group members share ideas, exchange resources and problem solve together.

Historically, there has also not been as much long-term planning around budgets as would be ideal. Or, where planning processes exist, there have been tight timescales that preclude the VCS from shaping financial decisions. However, this is sometimes beyond the council's control. A key example here are the Levelling Up Fund and UK

Shared Prosperity Fund processes. Due to tight timescales imposed by central government, the quick turnaround on both has made it more difficult to co-design a vision for the funds.

However, leaders in both sectors have been working to overcome these challenges by ensuring that a broad shared vision is easy to understand and access. This vision can then be referred to so that decisions can be made on tight timescales rather than requiring repeated sign-off. This approach has included:

- a recognition in the council plan of the need to work alongside the VCS in designing services and delivering positive social change
- the Community Leadership Manager regularly meeting with internal departments to devise ways their work can be more community-minded and inclusive of VCS voices
- council officers working hard to build up an institutional memory of strategic working with the VCS, embedding it in the identity of the council to better tell Derby's story.

Lessons to take away

Derby City Council's work to place VCS organisations in the drivers' seat has taught council leaders important lessons. This includes the importance of "being there at the point of inception and being part of the conversation" about what's happening in communities. Similarly, one officer noted the importance of not "underestimating very early-stage co-production around new thematic issues or models". The council has also learnt to avoid over-formalising structures for addressing community needs.

The wealth of avenues for true partnership with the VCS at Derby City Council – from formal VCS-led boards to more informal meetings over coffee – has enabled a transformation of institutional culture. It has also solidified partnership working amidst a very challenging financial environment. Crucially, this has proven that old wounds and ways of working do not have to define future relationships between the council and the VCS.

- **Recognition of value** – strategic relationships are based on knowledge and understanding.

The research highlights the importance of councils understanding their local assets and what the VCS offers. Strategic mapping is an important starting point for this, so councils have up to date information about their local sector and clear sight of their strengths and weaknesses.

A consensus has emerged that the experience of the pandemic increased council understanding of, and appreciation for, the work of local VCS organisations.[xxv] South Gloucestershire Council have sought to build on this positive baseline by quantifying the value of the local VCS to the council. The council calculated that during the pandemic, a £165,000 investment in the local VCSE sector meant that £1.095 million of direct council spending on their own services was not needed. This created a net

saving of at least £935,000 for the council, avoiding £6 in costs for every £1 invested in the VCSE sector.[xxvi]

Nuanced and detailed knowledge is also important for equality. The VCS can reach parts of the community that councils cannot. But councils' relationships can sometimes be limited to larger VCS organisations or a handful of 'usual suspects'. It is therefore vital that councils are aware of smaller community groups locally. This is particularly true for organisations supporting local ethnic minority populations. Such groups can provide deeper reach into communities and ensure diverse input into decision making.

- **Transparency** – being open and transparent is an important foundation for trusting relationships.

Complex and opaque processes can be hard to navigate. This is often the case for smaller community groups or VCS organisations led by people from ethnic minorities or service users. Lack of transparency can breed mistrust and lead to unequal treatment. What for some organisations might feel like a close working relationship, for others can feel like an exclusive club. Access to grant funding or discretionary tax reliefs, for example, are areas where lack of transparency can damage relationships if not accessible to all.

Information sharing across all areas of engagement between councils and their VCS was highlighted in this research as an important area to get right. For example, in procurement processes often only limited tender information is released and at very short notice. This can make it particularly difficult for smaller VCS organisations to participate in procurement exercises and show what they have to offer. It is understood by VCS organisations that there are barriers to what councils can put in the public domain and why. However, early publication of even limited information is seen as an important way to build trust and transparency.

Information on residents' needs is another area where increased data sharing could be beneficial. While mindful of GDPR requirements, more data could be shared between local agencies and stakeholders to assess community need more effectively and identify gaps in provision.

The Salford Anti-Poverty Taskforce is a good example of this. This is an innovative research and knowledge exchange partnership between University of Salford and Salford City Council. Their anti-poverty strategy is looking at ways to collect and use better data, and how to work better with local partners.[xxvii]

Another example is the [Norfolk Community Advice Network](#), which was set up as a single referral system between the VCS, faith groups and county council. It connects many advice and community support providers county-wide, to facilitate access to better support for professionals and their service users. It seeks to share knowledge and data among VCS and council partners to better coordinate crisis support and end duplication of services and resources.

- **Consistency** – participants in our research commonly referred to relationships being a "mixed bag".

For example, one department within a council might engage well and work strategically with the local VCS but this doesn't mean this approach is being replicated across the council. Being strategic requires working in a joined-up and coordinated way across the whole council, rather than seeing good relationships flourish only in pockets. Certain policy areas were seen as more likely to facilitate this, for example, 'person-centred' services like social care or domestic abuse support, as opposed to transport or regeneration. Indeed, these departments can often be trailblazers for good practice which then spreads across the council.

Derby City Council has sought to create consistent relationships with the faith sector by supporting them with grant funding and seconded staff. This is done through a Faith Alliance; if the faith community identifies areas of need, a grant comes to the Alliance to decide how it should be used and which subcontractors to employ. A similar model is used with the Food for Thought Alliance and the Disability Alliance in Derby.

The issue of consistency also manifests itself in connection to the council. Some VCS organisations are well networked and appear to have the ear of the council and others do not. This can lead to certain organisations being seen as favoured.

Consistency is also affected by staff churn, where officers move and so VCS organisations have to start again to build relationships. This is an area where cuts to council budgets have had a real impact on strategic relationships. We repeatedly heard the frustrations of VCS organisations that built a good relationship with an officer who "gets it", only for them to move on, be made redundant or have their department reorganised. In some areas, there has been a reliance on interim appointments in senior posts, which means VCS organisations struggle to gain long-term purchase and create continuing relationships.

This can also work both ways, with some councils reporting high levels of staff turnover in parts of the local VCS. This is heightened by overarching recruitment challenges which are particularly impacting VCS organisations unable to offer comparable pay with the private and public sectors.[xxviii]

Principle Two
Relational culture: behaviours and ways of working that enable the power of community to flourish, with both sides giving generously to the process and being open to receiving feedback

For councils this means seeing their roles as collaborative enablers of action, rather than just providers and commissioners of services. Councils, as well as other public sector bodies, are, understandable, naturally risk averse when it comes to managing the public's money. However, the collaboration seen during the pandemic is an example of where councils realised the benefits of working in a more experimental way with partners, which could set a tone for future collaboration.

At the same time, the VCS must be ready to step up and play a more prominent role in local services, working collaboratively to achieve greater impact. Central to creating a relational culture is early, continued, and widespread engagement. As too is a commitment to the long term, with both sides being prepared to challenge and be challenged.

Key elements:

- **A mindset shift for councils** – rather than seeking to direct and control, councils could show more trust to 'enable' VCS organisations to do what they do best.

Reduced council budgets have created challenging conditions for sustaining new ways of working. However, it is clear from our research that ongoing culture change for councils – the drive to become more collaborative with their communities– is a key component of successful strategic relationships. The challenges facing local areas are so great that no one sector can possibly possess all the answers, particularly when resources continue to be severely constrained. Council and VCS participants alike suggested it was important for local authorities to recognise this, with the following qualities seen as key to this mindset:

- creativity and flexibility to try new things
- willingness to work collaboratively
- being more experimental
- seeing the VCS as equals with parity of esteem.

Councils must always be mindful of their statutory responsibilities and requirements to show value for money. But there is scope within the power dynamic between councils and the VCS to show greater willingness and confidence to devolve more responsibility and see the VCS as trusted partners, as seen within the below case study.

Deep-dive case study: Hackney

Context setting

Situated in inner London, Hackney has a young and diverse population. Over 71 per cent of residents are aged 16-64, 9 per cent higher than the English average. Thirty-six per cent of the population are white British, while 45 per cent are from ethnic minorities and 19 per cent are white non-British.

The borough contains a wide-ranging mix of both deprived and affluent areas. For the most deprived within the borough, financial and physical access to housing and services is a significant issue.

Despite, or perhaps because of, this mixed profile, there is strong civic and community infrastructure in Hackney. The areas scores 66 per cent better than the English average in the Community Needs Index for this issue. This is in part due to

the level of VCS engagement, resident engagement in broader community life, and the range and accessibility of community, civic, educational, and cultural assets.[xxix]

This is not to say that life has always been easy for the council-VCS partnership. Like many councils, Hackney lost considerable funding over the previous decade reducing its ability to support the sector financially. This consolidated a longer-term problem with leadership, finance, and trust. Old funding models had also contributed to an atmosphere of competition within the VCS, pitting groups against one another for limited resources. While budgetary challenges remain, greater recent involvement of the VCS – accelerated by the COVID-19 pandemic – means the sector is more able to challenge, influence and counter council policy. It also takes a greater role in the co-production of services.

Types of partnership working between the council and local VCS

The approach to partnership working between the council and the VCS has shifted over the years. Hackney Council, like most local authorities, has taken a New Public Management approach to delivering services over the last two decades. This has included Key Performance Indicators, best value and benchmarking with the aim of improving efficiency. This way of working is quite deeply embedded into the culture and mindset of local government and in the expectations of the VCS. There is, however, a growing recognition that more collaborative ways of working are needed. Hackney is not alone in testing out partnerships that are more open, relational, and focused on shared outcomes and collective impact.

From a council perspective, the shift in mindset began when leaders realised that VCS groups needed to be actively involved in working through collective problems and finding solutions. This has been key, for example, in tackling key inequalities in communities and meeting growing demand in advice services. It also came in response to the development of the council's VCS Strategy, during which the sector flagged how transactional the relationship had become and the limits this imposed. This approach helps address what are understood to be 'complex' issues, rather than simply 'complicated' ones. Such problems can be treated by an aggregation of simpler solutions, provided by the diversity within the VCS locally.

Rather than see the VCS as one voice, the council's leadership therefore works to recognise the collection of perspectives within the sector and create spaces for them to contribute to agenda shaping. This has been driven by the pandemic – the council had to start working in this way because, as it points out, "VCS partners were the only people who really knew what was going on in communities".

Two VCS organisations – Clapton Commons and Shoreditch Trust – have worked together to re-imagine local VCS commissioning and present that feedback to the council. For their part, council leaders aim to align funding structures with the principles they hope to encourage in Hackney: collaboration, meaningful engagement, and solutions-minded approaches to community challenges. This has involved establishing ongoing dialogue with those in the VCS, including through strategic meetings and regular email correspondence.

As a result of this, VCS leaders say that there is now a definite opportunity to shape strategy within the council. However, structures are less formalised and more focused on informal mobilisation and ongoing contact with specific people at the council. Additionally, there are neighbourhood-level partnerships for specific areas of community engagement, such as Primary Care Networks.

As alluded to above, these grass-roots approaches were particularly impactful during the pandemic. In many cases, the council stepped up by stepping back. For example, at times when access to food proved difficult for many across the borough. Here, the council brought in people skilled in logistics from their events team to set up food hubs across the borough in partnership with the VCS. These hubs were led by VCS organisations – who knew the isolating, clinically vulnerable and at-risk groups – but the council created the space and boosted capacity for this work.

The council now sees its primary duty as supporting the sector as much as possible. This includes funding strategically important organisations – for example, through Community Infrastructure Grants – whose role in their communities extends beyond just the services they deliver. It also works to highlight the importance of these organisations to the wider local system to ensure both their and the risks from losing them are fully appreciated.

Overcoming barriers to strategic partnership working

In general, the move from a transactional to a more co-productive relationship is progressing well but is yet to be fully achieved. Both partners are focusing on understanding the journey and growth of VCS organisations – and the variety of ways to evidence their impact – which is helping to create a more meaningful and equitable dynamic.

Such an understanding is also important for making day-to-day interactions easier. Overly formal structures can fail to capture specific issues that may be affecting a range of stakeholders. For example, several years ago grants were not being paid on time, threatening the viability of smaller organisations reliant on the funding. To remedy this, organisations openly discussed the issue and its impact with council commissioning colleagues. Now, this appears to be less of an issue.

More challenging is the attempt to create space for VCS leaders to co-design council agendas without over-burdening them with meetings they are not paid to attend. New ways of working have produced a keenness to include VCS organisations in council discussions. However, the council is now aware of the need to do so on terms that work for VCS leaders. The answer may lie partly in the adaptable, VCS-led discussions during the pandemic. Local leaders have expressed a hope that thing do not "go back to business as usual". Instead, they see a need for the council to "step away from the framework a bit, shake things up, and come with us on a bit of a journey."

Lessons to take away

VCS organisations identified space – both figuratively and literally – as key to working more closely with the council. As a result of deep-rooted understanding and

trust between the two parties, this isn't necessarily about creating more formalised frameworks for collaboration. While these are helpful, strategic development can also come from enabling the space for experimentation and innovation. In this vein, successes of smaller projects – as Hackney saw with its food hubs – can build trust to drive forward larger-scale projects involving both the VCS and council.

Hackney's approach to strategic working with the VCS also highlights another important lesson: community work is stronger when leaders acknowledge the different strengths that both parties provide and capitalise on them. They have seen that different skillsets and mindsets do not have to conflict. Instead, people realised that the VCS is powerful because it is adaptable, nimble, and able to mobilise informally. Equally, the Council is powerful due to its consolidated power, wealth of diverse professional skillsets, and access to funding. Because of this joint working, those in the VCS have acknowledged how trust has now grown significantly.

Hackney Council has also been working to connect to organisations individually, on a relational basis, and continue to build trust over time. This reflects an internal realisation summarised by one senior council officer: "we're only as trusted as the organisation that trusts the least."

- **Change within the VCS** – strategic relationships aren't just about councils doing things differently, they require change in the VCS too.

Research participants from councils and the VCS reflected that to make partnerships a success, the VCS needs to be clear that they are ready to step up and play a bigger role locally. This includes showing they have the commitment and capability to be an effective strategic partner. For example, Hackney Council have begun to work in earnest on embedding antiracism across local government. Yet council officers note that this will only be achieved borough-wide if the VCS simultaneously goes on its own journey in achieving equity.

Council officers expressed frustration about not always knowing who to go to within the local VCS sector on particular issues. They also reported that the VCS doesn't always "speak with one voice". In many ways, it is important that the VCS doesn't speak with one voice, given its crucial role in advocacy and equity. The VCS is necessarily diverse, and it is important that all voices within the community are heard. Otherwise, there is a real risk that marginalised groups will continue to be excluded in the search for homogeneity.

It is therefore important that VCS organisations of different sizes and scopes work collaboratively together. This allows the local ecosystem to surface and communicate local issues effectively via effective structures and mechanisms (see Principle Three).

The pandemic response saw VCS organisations finding new ways to work together – and this spirit needs to continue to make the most of the resources we have in our neighbourhoods. This might mean forming new consortiums to take on

commissioning opportunities or forming new alliances to push for proper involvement in council strategic planning.

Creating a culture of enterprise where possible is another important aspect, where organisations earn their own income alongside grant funding and contracts. This can build independence and help redress power imbalances by providing VCS organisations with greater scope to say "no" to grants and contracts which don't model good partnership working behaviour.

Telling a better story on impact is another way VCS organisations can help build parity of esteem. While councils have a responsibility to do more to understand the value of their VCS, local organisations can make it easier for them by measuring and communicating their impact more effectively. This helps to reinforce the case for a shift in power. For example, Locality has supported community organisations to demonstrate their local economic impact and make the case for greater local procurement, calculating that every £1 invested in a local community organisation generated approximately £2.50 for the local economy.[xxx]

Principle Three
Effective structures: systems, mechanisms and processes that are fit for purpose and enable innovation and sustain long-term commitment

The research highlights that there needs to be clear and effective structures through which trusting relationships can be built. These must enable good communication, allow for positive personal relationships, and lead to practical action. They must include space for conversations and challenge while allowing for relationships to persist for the long-term and not be overly reliant on particular individuals. They must also allow for the development of a shared approach to understanding local need.

For example, in Barnet voluntary sector partners have formed the **Barnet Together Alliance,** which is a long-term, cross sector partnership with the London Borough of Barnet, which increases development and capacity building support for Barnet's vital Voluntary, Community, Faith and Social Enterprise (VCFSE) sector, enabling the borough to strengthen, innovate and thrive. This partnership helps them to create and deliver more borough-wide services and opportunities, based on real partnership and active collaboration. [The council] is a partner in the operation, and although they provide most of the funding this is not viewed as a commission. They describe it as 'social investment'. [xxxi]

Key elements:

- **Structures** – clear and consistent forums are needed to support strategic relationships. Otherwise, they can be ad hoc, inconsistent, and more likely short-term.

Whilst relationships are person to person, not institution to institution, we heard throughout this research that a few key people often drive and maintain strategic relationships. If they leave, it can mean starting again. This reliance is a particularly

pressing concern if there are high levels of staff turnover (see discussion of 'consistency' in Principle One). Structures are therefore needed that support personal relationships to flourish. But they must also embed continuity and ensure good relationships aren't solely built between individuals without any wider organisational purchase.

Clear structures are particularly important for smaller VCS organisations. They may not have the historical relationships, capacity, or know-how to navigate council bureaucracy and find the right route to participate in decision-making. Structures are needed to ensure transparency and that a diverse range of voices and organisations are represented, rather than relationships relying on the 'usual suspects'.

Structures and proper governance can also provide proper oversight to ensure strategic goals are achieved and projects are completed, with the officers and VCS leads responsible held accountable. Through our research we heard how energy can often be put into the process of creating strategies, only for these to sit on a shelf and not have any traction in practice.

There is a variety of different structures that might be used to build and maintain strategic relationships between councils and VCS. They may range from strategic boards to provide the VCS with a seat at table at highest levels of council decision making, to neighbourhood-level initiatives. Whatever the structure, they need to reflect the other principles outlined in this report. For example, having clear shared outcomes and goals built in and agreed. This ensures they are built on strong foundations with buy-in from both sides.

Here we set out some examples of structures used by different councils, which align to our relationship typology above:

Shaping relationships:

- Bristol City Council's One City Plan which brings together a wide range of public, private, and third sector partners within Bristol. The plan describes where the city partners want to be by 2050, and how they will work together to create a fair, healthy, and sustainable city.
- Derby City Council's Stronger Communities Board, convened by Derby's Communities team and led by the VCS to inform council policy for the sector.

Neighbourhood relationships:

- Southwark Council's Empowering Communities Programme aims to bring local communities together. It focuses on the issues specific to neighbourhoods and facilitates communication between residents and councillors.
- Kirklees Council's Place Partnerships are led by councillors, working with local people and organisations to find local solutions. These are based on what the participants have learned or experienced. The partnerships work on a key theme each year and they have funding to support local projects, services and activities that will help with this issue.
- Sheffield City Council's Local Area Committees (LAC) promote the involvement of local people in the democratic process and aim to bring

decision making closer to local people. Each LAC has made a community plan, agreed at a public meeting, which explain the community's priorities and how the LAC intends to work on these in the coming year.

- **Mechanisms** – building out from clear structures are the appropriate practical means to ensure relationships can function on a day-to-day basis. Two main areas have emerged through our research as being particularly important:

1. Local infrastructure

Research participants have emphasised that consistent and long-term investment in local infrastructure is critical to maintaining positive working relationships between councils and local voluntary organisations. This includes having a Council for Voluntary Services (CVS) or other such local umbrella body. These have the capacity to engage with the public sector at a range of levels (see discussion of scale below) and coordinate the VCS locally.

Some participants in the research questioned whether local infrastructure focused on larger VCS organisations to the detriment of grassroots groups. This, however, should not be seen as a critique of the concept of local infrastructure. Instead, it recognises that infrastructure arrangements are not always well built or utilised. They require sufficient investment and the ability to constantly evolve to meet changing needs and include new partners. When designed and delivered well in this way. local infrastructure can play a vital role in brokering and cementing strategic relationships.

The National Association for Voluntary and Community Action (NAVCA) set out four ways local infrastructure facilitates good relationships:

- **Leadership and advocacy** – bringing people together to have a stronger voice and influence
- **Partnerships and collaborations** – bringing together local networks to connect with local systems
- **Community development and practical support** – bringing people together to develop their goals and drive community aspiration
- **Volunteering** – encouraging and nurturing opportunities for people to get involved in their communities.

Cornwall Council's Voluntary Sector Forum is an example of local infrastructure. This was established to coordinate VCS activity and provide a direct route to engage with the council on key issues. The forum is currently engaging with the council on the cost-of-living crisis, providing support and information to help address the challenges faced by increased living costs. This includes information local VCS organisations can share with their communities as well as funding updates to help find funds to pay higher running costs.

Community Foundations are another important means through which ongoing relationships can be built. One example of this we heard in our research involved a council devolving COVID-19 emergency funding to their Community Foundation. This recognised how much better able the Foundation was to distribute funds quickly

and with a clearer understanding of local need. Community Foundations have also been an active partner in supporting both councils and local voluntary and community groups provide effective wraparound support to Ukrainians as they arrive in communities.

2. Collaborative community engagement

Research participants stressed mechanisms for community engagement as another critical area. Councils rely on community engagement to inform and improve policies, programmes, and services, and to increase trust and accountability. Meaningful community engagement should be an opportunity to strengthen VCS and broader community influence. But when done badly or in a tokenistic way, it can reinforce a sense of powerlessness.

One example of collaborative community engagement which could be implemented by councils is the "Power Partnership" approach. This was designed through action research conducted by Locality with four local authorities – Cornwall, Stevenage, Southwark and Wigan.[xxxii] This action research heard from council officers and community organisations about some of the challenges within the community engagement cycle. It proposed an approach where communities are viewed as equal partners and community engagement is based on:

- early engagement
- using participatory and deliberative methods
- working with existing networks
- addressing barriers to access and participation
- strengthening community capacity and leadership
- building opportunities for community ownership
- creating a role for the community in accountability.

Asset-based approaches are also being increasingly used by councils to engage their communities. Leeds City Council, for example, is working with local and community led organisations to embed an innovative ABCD model. The council worked with 14 pathfinder sites in 2022. Each Pathfinder site has an employed Community Builder who discovers 'Community Connectors' - people who are active in community life and bring others together. 'Small Sparks' grants are available to community groups to help them kickstart their ideas.[xxxiii]

- **Senior leadership.** Strategic leadership is an important first step for councils to create the right approach to VCS relationships. Cabinet and senior management team buy-in sets the tone in making partnership working a key part of the council's identity. This provides a clear direction of travel, an operational framework, and internal permission structures to do things differently and change culture.

Senior drive and leadership are therefore an important first step to developing a 'whole council' approach to strategic partnership working with the VCS. As one officer put it, relationships with the VCS "should be everyone's business, so being strategic is key". Council participants in the research suggested having a corporate

director and cabinet member responsible for leading the agenda. This demonstrates political and corporate will and helps embed the "mindset shift" discussed previously.

Committed senior leadership is also important for VCS organisations. Relationships between councils and communities can be antagonistic. As noted in the discussion of 'Change within the VCS' (Principle Two), local sectors don't always work effectively together. So, VCS leaders have a role in setting a clear direction of travel. This can demonstrate a willingness to work collaboratively and ensure the local sector is strategically committed to partnership working.

This can be a delicate balance for VCS leaders to strike. Organisations are unlikely to get everything they want. In some cases, they will be seeking to collaborate with councils where delivery relationships form the basis of most interactions between the two. However, it is important to display collaborative behaviours. This may either be by creating effective strategic relationships with councils who are working in this way, or seeking to drive better practice from the bottom up in areas which aren't.

Deep-Dive Case Study: South Gloucestershire

Context:

South Gloucestershire in the South West of England has a mixture of rural areas, towns, and built-up urban areas on the outskirts of Bristol. The rural areas are sparsely populated with only 9 per cent of the population. Deprivation within South Gloucestershire can be masked by other more affluent parts of the district. One per cent of South Gloucestershire's population live in the most deprived 20 per cent of areas in the country. However, over the last decade, there has been an increased in the number of areas classed as deprived. As such, the health inequality gap has also risen.

These are now actively being challenged through the Council Plan and a Reducing Inequalities Strategic Board. Despite challenges in the area – including the ageing, rural population – there is strong community and civic infrastructure. The Community Needs Index for the area has a good "Connectedness Score" showing that residents have good connectivity to key services including digital infrastructure, a strong jobs market, and lower than average levels of rural isolation.

For years, South Gloucestershire Council has viewed the VCS as strategic partners, with sector organisations having representation on partnership boards and other bodies. Yet despite this voice, the VCS tended to be relatively siloed or "compartmentalised". It only carried out certain functions for the council rather than playing its full role. Council officers and VCS representatives agreed that the level of trust and joint-working ethos has grown considerably in the last decade. In this time, VCS organisations have consolidated and increased their influence in strategic decision making. This has included the formation of a 'VCSE Leaders Board', led by the local VCS.

Types of partnership working between the council and their local VCS

South Gloucestershire Council has long sought to bring the VCS in as a "genuine partner around the table all the time". This has meant having both formal and informal conversations regularly. Most important is avoiding "tokenistic engagement" of the sector.

This is especially important for adult social care. The council takes pride in increasingly acknowledging the strengths of the VCS through a Keep it Local approach to commissioning, amongst other activities. That framework provides a shared vision for the council and VCS organisations and provides a foundation for work to be built on. Over time this has enabled trust to be built between the sectors which has only strengthened the relationship.

In addition to these frameworks or principles for collaboration and genuine partnership, formal structures have been important in South Gloucestershire. The VCSE Leaders Board is the best example of this. The formal VCS-led structure has been the backbone of collaboration across the council area. During the pandemic, it opened new avenues for collaboration as the VCS quickly mobilised.

The Board was revolutionary in its approach. It is not a traditional partnership board where administrative power is held by the council and VCS representatives sit in on meetings. Instead, it has been VCS-led and has brought council leadership into the community. The board meets on a quarterly basis at times most convenient to the VCS partners. Its goal is to have a clear route for open dialogue between the council and the VCS in a way which preserves the sector's autonomy and voice.

Its success has led to other boards being developed to provide a structure to joint-working. Among them is the South Gloucestershire Disability Network and the South Gloucestershire Race Equality Network. Both have regularly shaped key strategies and policy approaches alongside council officers.

The level at which engagement takes place is also shifting. Historically, there had been a tendency to look at South Gloucestershire as a whole. Now, there is an increasing recognition that focus is needed at a local and neighbourhood level too. The Priority Neighbourhood Programme illustrates this change. Through it, council and VCS organisations work together to intervene in areas with high levels of deprivation. Here, the council takes an asset-based approach in co-producing neighbourhood innovations alongside the VCS, recognising that:

"Every community has assets – skills and talents of local people, services, activities, buildings, and open spaces which benefit the community and could be further developed…" **– Priority Neighbourhood Programme**

In recognising that "local people know their area", the council has designed priority neighbourhood interventions to be led by residents, with a community lead group serving as the facilitator. The community lead group, working with council officers and residents, draws up an action plan to identify and outline approaches to local priorities which the council then links in with other departments and agencies.

Barriers to strategic partnership working

While there are pockets of good practice across the council, the progress made in the strategic relationship between the council and local VCS has often been siloed. As Steve Curry, CEO of the local CVS states, the council is a big organisation "with departments that, traditionally, differ" in their approaches.

The council, in their commitment to working more collaboratively with the sector, aims to break down these siloed ways of working. Their shared commitments to inclusivity, transforming local commissioning and working closer to a neighbourhood level have also given officers a sense of direction of travel for this ambition. Yet further transformation is needed, and leaders are working to shift cultures and challenge old mindsets. In recognition of the importance of this work, a new division has been created in the council led by a Service Director for Community Development to build on this and drive the culture and systems change forward.

A further barrier has been the challenge of balancing the increased appetite for VCS-led co-design with the sector's financial and capacity constraints. To overcome this, council leaders have started micro-funding strategic activity within the VCS. For example, there are now experimental, one-year funds available to VCS leaders for sitting on strategic partnership boards.

The aim of these small pots of money is to ease the burden of participation and provide space in which VCS organisations can jointly shape council priorities. Investment has also been made in developing a 'VCSE Ecosystem' with the council and other partners, including the health system. This involves joint commissioning to devolve leadership to the VCS and help them be more involved in strategic conversations.

Lessons for the future

"Trust" was something noted to be of great importance by both council officers, councillors, and VCS leaders. This includes both trust in the council's commitment to work with the VCS and in VCS organisations' ability to deliver strong services and that provide value for money. This has not happened overnight but, according to council officers, trust particularly grew through the pandemic "as we worked through things together". The council has learned from this process and shown the value of building on what already exists. This includes the trust placed in the VCSE Leaders Board to be a vehicle for culture change and a foundation on which to build joint projects.

When it comes to these formal structures, the council has also been clear that this is not the only way of building a strong, strategic relationship. For the council, these formal structures have been incredibly important, but have been complimented by informal means of communication and engagement.

Similarly, the council has not committed itself to working across one scale or geography. By maintaining a strategic, South Gloucestershire-wide view, they have worked closely at a local and neighbourhood level. This all highlights the importance

of flexibility when it comes to strategic relationships and is something the council continues to push out across different departments.

- **The right scale** – strategic relationships need to work at different levels. This is becoming ever more important with the renewed focus on securing devolution deals and collaborating with the NHS.

VCS organisations can find it hard to engage across the required range of changing geographies. For example, the UK Shared Prosperity Fund – the government's replacement for EU structural funds – is now being led by councils and combined authorities, meaning local VCS partners are having to begin new partnerships with multiple council types. Short timescales to develop plans for UKSPF have meant longer-term stakeholder engagement is still being developed.

The formation of ICPs alongside NHS partners, local authorities, and other providers is another current opportunity and challenge for place-based partnership working. 'VCSE Alliances' have now been formed in each of the new 42 ICPs in England to represent the local sector. But how this will work in practice, and whose voice is heard loudest, is still unclear. In places such as Calderdale, the ICP has provided funding for local VCS representatives to attend strategic boards and working groups (see the Calderdale case study, below).

To fully access all available opportunities, VCS organisations need to be able to form relationships with a wide range of partners who might sit at different spatial levels. No longer is it enough to form a relationship with a ward councillor or officer in the council's Communities department. VCS organisations might be required to form links with, for example:

- other council departments like regeneration adult social care or public health
- combined authorities and metro mayors
- Local Enterprise Partnerships
- the NHS through Integrated Care Partnerships, Health and Wellbeing Boards, or Primary Care Networks.

Clearly, engaging on this scale will be more difficult for smaller VCS organisations than larger ones with greater capacity and resources. This is why having effective structures and mechanisms is so important. Having the right support in place – via local infrastructure for example – can ensure a diverse range of voices are represented at all levels.

It also demonstrates the importance of having a supportive local VCS ecosystem, with good collaboration. There is a particular role here for community anchor organisations. These tend to be the strongest and most successful community organisations, employing staff, delivering services and owning or managing community spaces. They collaborate with and help coordinate smaller local community groups, residents, neighbours, and friends. As such, they can provide a powerful collective voice for their neighbourhood, including by:

- involving the community in decisions
- helping residents navigate their way through services
- informing policy making processes
- advocating on behalf of their area across a range of geographies.[xxxiv]

Moat House Community Trust, in Coventry, is a good example of a community anchor organisation that has built a strong relationship with their council. These relationships have taken many years to flourish, and to build public sector trust and belief in community delivery.

Moat House's experience in community engagement is now highly valued by local public agencies – including the council, police, public health and the local NHS. This saw them working in close partnership during the COVID-19 pandemic. As CEO Dianne Williams explained in June 2020: "It feels like the work that we've done – and it did feel at times that we were beating our heads till it was bleeding – has all come to fruition. Those relationships we have built up, the trust is the basis of the work that we are doing in response to the crisis."[xxxv]

Principle Four
Capacity and resources: having the wherewithal to take action.

Not all relationships require financial resources. However, maximising the benefits of strategic relationships for local areas requires the local VCS to have the capacity to play their role to the full. This means councils proactively supporting local organisations.

For example, Wigan Council are proactively supporting their community organisations through their community investment fund, this fund is deliberately branded as an 'investment' and not a grant. The intention is that initial funding should lead to longer-term sustainability and additional social impact.[xxxvi]

Key elements:

- **Time** – timescales across some council processes can often be perceived to be too tight to facilitate good working relationships with stakeholders engaging in these processes.

For example, lack of time and resource is often given as the reason for taking a consultation approach to community engagement, rather than seeking community involvement from the offset. It's often what drives transactional relationships, where the council sees the VCS as a means to deliver a particular output quickly, rather than as a long-term strategic partner.

These time pressures are in large part beyond individual councils' control. For several years councils have been operating on short-term funding settlements, building short termism into budget cycles across the country. There is also the impact of election cycles, meaning it can be hard to plan over long-term time horizons. This makes relationship building for VCS organisations a cyclical process.

However, having a long-term vision and approach is important for strategic relationships. And some of the concepts outlined in this report can help mitigate the impact of the external drive to short-termism. For example, having the right structures in place can ensure long-term strategic continuity. Having senior buy-in can drive a commitment to work against the grain of the wider system. This can allow for more time to be built into community engagement processes or commissioning exercises. Developing greater knowledge and understanding of the strengths of the local VCS can shift cultural risk aversion and build greater trust and collaboration.

- **Capacity** – this is very stretched for both councils and VCS organisations. This is closely linked to the lack of time discussed above. Pressure on staff capacity can lead to a "heads down" approach, where for reasons of ease or speed people plough on without pausing to work in partnership.

Much like councils, VCS organisations have been under huge pressure for a long time – from austerity to COVID-19 to the cost-of-living crisis. On top of the core work of supporting local people amid rising demand for services, it can feel exhausting to navigate council processes and engage with a wide range of public sector partners. Some areas also do not have a CVS or other local infrastructure organisation. This can mean they lack a suitable mechanism to coordinate engagement and build local capacity.

Our research workshops highlighted that, unlike councils, VCS organisations will often not be funded for their time but will be still expected to attend meetings. This is an important part of the existing power imbalance. However, council officers will be facing huge workload pressures with competing priorities. This will mean there often isn't the capacity to invest the time necessary to build relationships and involve people early. Drafting an agenda for a meeting in advance – rather than taking the additional time and effort co-create it – might not therefore be a signal of a paternalistic cultural mindset, but more straightforwardly the actions of a busy person.

Officers who engaged in this research highlighted the impact of budget cuts, with one saying, "we used to do it well until austerity". Others noted that the recent re-flourishing of relationships during the pandemic had been enabled by the influx of emergency funding.

The impact of the pandemic on the nation's finances, coupled with the cost-of-living crisis, means it is unlikely the budget pressures will ease in the foreseeable future. However, it is important to recognise that relationships need to be resourced to flourish, whether that's through funding or in other ways.

The deep dive case studies within this research highlight a few ways councils are supporting community capacity beyond providing funding. Derby, for example, has provided opportunities for action learning and problem solving for the whole local VCS sector. Malvern Hills plays an important role facilitating discussion between groups and offering support based on maximising strengths and identifying gaps for better services. The council has also stepped in to keep important local spaces open, such as the local theatre, college, and community and youth centre.

Learning from Locality's [Keep it Local Network](#) has identified various ways councils are seeking to proactively support local organisations, whether through funding or by other means:[xxxvii]

- **Supporting community ownership** – when community organisations own assets, it gives them independence and the ability to earn their own income. Many councils operate a Community Asset Transfer policy as an example of this.
- **Supportive commissioning** – councils can ensure that their contracting processes are inclusive and remove barriers so that small VCS organisations can bid for them. This means they receive multiple benefits including commissioning a high-quality service, delivered usual by and for local people, whilst also investing into a local organisation that is going to generate additional social value and have a positive impact on the local economy.
- **Supporting local organisations representing marginalised groups** – the pandemic further exposed the stark inequalities which exist in our society. It also showed that additional support is required for those organisations that are led by and represent underrepresented and marginalised groups. These are groups that have seen an unequal distribution of resources and support in the past. Councils can play a role in correcting inequitable distribution of funding and by supporting the capacity of these vital organisations.
- **Capacity and capability building within the local sector** – providing support to ensure the local VCS has the skills and capabilities to play a strong partnership role. These include the skills to take on community assets if available, diversify income streams and take part in commissioning processes.

Deep-dive case study: Calderdale

Context setting

Calderdale in West Yorkshire has a population of just over 211,000 people. Its urban centre is Halifax with most people living there and in towns further up the Calder Valley. Thirty per cent of the population live in the most deprived 20 per cent of areas in the country according to the Indices of Multiple Deprivation. Despite challenges of connectivity to key social and digital infrastructure, the borough has a relatively strong network of community and civic infrastructure. According to the Community Needs Index, the VCS and residents of the borough are highly engaged in the broader civic life of the community.

Calderdale is a small council in comparison with neighbouring city and metropolitan district councils. VCS organisations consider council staff to be accessible and visible and it is considered easy to build relationships and identify relevant people to speak to. Both council officers and VCS staff believe there is a positive political environment within Calderdale, and there are engaged and dynamic councillors. The VCS relationship has been consistent regardless of changes in political leadership and funding pressures over the last decade. The council is committed to sustained funding for their local sector despite the funding environment.

The council has an established relationships with community anchor organisations in the borough. These organisations have managed large council contracts including those for children's services and adult learning. They have also been strategic partners in previous place-based regeneration work. This has established and sustained the relationship and role of the community anchors in service delivery.

The local impact of regular floods in the upper valley and related emergency responses have challenged some risk aversion and processes within the council that previously created barriers to working with the VCS. The response to the situation forged a new level of understanding and trust between the council and local VCS organisations which stepped up to respond to the emergency. Direct relationships on the ground were developed and strengthened as a result.

Types of partnership working between the council and local VCS

Strategic relationships between the council and local VCS in Calderdale are based on collaboration on strategic boards and partnerships. They are clear that the value of the VCS working with the council on a strategic basis is to ensure that the former has a direct influence on decision making, thereby creating parity of esteem. There are several examples where the council's commitment to establishing the VCS as a partner is evident, this includes strategic board and partnerships in economic development, health, climate and culture strategies. Through these forums, there are director and councillor-level working relationships between the sector and council.

The council's Wellbeing Strategy is an example of this. It has been co-produced with the sector through the local health and wellbeing board. There are strategic plans being developed under four core themes: starting well, developing well and living and working, and ageing well. Two of the core theme groups are co-chaired by a council and VCS representative and all are tasked with developing strategic plans. The Starting Well theme has made progress through a strength and needs assessment and reviewed good practice to start process of developing a strategic plan. This will inform how to influence commissioning and investment to reduce health inequalities.

There are also direct commissioning and delivery relationships that show effective strategic working in Calderdale. This includes the Calderdale Voluntary Sector Infrastructure Alliance (VSI Alliance). Using pooled budgets with what was the Clinical Commissioning Group (CCG), the council decided to use 'alliance contracting' for the VCS Infrastructure Support contract. The Alliance is made up of four support providers, the council, and the CCG. The contract is managed based on shared principles, equality of role and voice, trust, and honesty.

Calderdale Council has a [community anchor policy](#), thought to be the only example in the country. This very public commitment to proactively support the local VCS put the sector at the heart of the council's vision for a more inclusive local economy. In practice, the policy has meant putting in place a Relationship Management approach with established community anchors. This approach provided a commitment from the council and local VCS to establish new ways of working and setting expectations for

joint working. It also ensures that the VCS has access to council officers and practical and proactive support.

Overcoming barriers to strategic partnership working

Calderdale Council and the local VCS consider the biggest barrier to strategic working is the demand on VCS resources, mainly financial and time demands. In recognising this barrier, the council is taking an ongoing and proactive approach to better supporting the sector, whether that is through procurement and social value or through the supporting role of the VSI Alliance. Council officers have worked alongside colleagues from the health system to leverage funding for VCS representatives to attend boards and working groups. The resource, which comes from the West Yorkshire Health and Care Partnership, is directed to the sector through the Alliance.

This innovative approach is still in development and initial uptake has been limited as a result of senior VCS leaders not having enough time to attend boards on top of their 'day jobs'. This is a further barrier which the council is looking to address in the future.

Lessons to take away

Representatives from the council state the importance of developing a strategy, policy and plan for working with the VCS and how this applies to all departments of the council. There is a need to develop culture and working practices so that the council knows corporately how to work with the sector, rather than patches of good practice in the departments where it is well established and understood.

The VSI Alliance is an example of how the council has set out their working practices with the sector and has used their influencing role to draw funding in from other parts of the VCS sector. Time and resource are very so stretched in the sector. The Alliance therefore illustrates how a strategic forum with cross-sector representation can support capacity provide a central point of engagement. This will improve the 'institutional memory' within the authority so that relationships and good practice are not lost when individuals move on.

- **The right approach to funding** – over the past decade, central government policy has driven a major shift in how VCS organisations are funded, away from grant funding towards contracts.[xxxviii] However, what grant funding there is – from councils as well as trusts and foundations – is often not provided in the optimal way for building strategic relationships.

The research has found that the dominant approach to grant funding remains restricted, project-based funding with tightly defined outputs. Research participants suggested that this approach to funding can be too prescriptive, designed in the image of the grant giver, rather than the needs of the grantee.

Locality heard how restricted project funding doesn't always enable organisations to pay for organisational overheads or management capacity. This prevents them from building up the long-term resilience they need to be true partners.

The pandemic saw a shift starting to take place, with more unrestricted funding.[xxxix] This was seen from trusts and foundations, as well as central government grants. To meet the huge demand and encouraged by a relaxation of central government rules, councils also showed greater flexibility across contracts and grants.

This approach provides an opportunity to support organisations to build their infrastructure, assets, and financial strength, rather than creating a transactional, delivery relationship.

Participants in this research saw this as an important direction of travel to build on with lessons for the future, rather than being solely a product of the emergency response. The challenge for councils is to strike the right balance between unfettered access to funding with little accountability and overly bureaucratic and unnecessary processes for small pots of money.

Full cost recovery – where grants and contracts meet all the costs of running a project or service, including organisational overheads – was also seen as important. Recent research commissioned by Kent County Council examined the issue of full cost recovery in their VCS commissioning and makes several recommendations.[xl] These include:

- standardising good practice across council departments
- reviewing training and development needs for anyone that undertakes contract management as part of their work
- developing new models of commissioning where commissioners and providers use their expertise and resources to co-design services that reflect the full cost of delivering them.

There was also discussion about striking the right balance between support for new organisations and existing infrastructure. It is a long-standing complaint that funders prioritise the new and "innovative" at the expense of the tried and tested. The experience of the pandemic highlighted the importance of both, and that innovation can and does still occur through tried and tested methods as well. We saw the power of established VCS organisations harnessing their assets and relationships during the COVID-19 pandemic. This drove innovation as organisations quickly reshaped services and redeployed community buildings.

The pandemic also highlighted the power of new mutual aid groups, who might have deeper reach into different parts of the community than established organisations. The key is to create a supportive local ecosystem which works in close partnership and enhances different strengths. So, it is important for councils to strike a balance which supports new groups as well as organisations with a proven track record of delivery.

8. Conclusion: Strategic relationships in an era of crisis

The four principles for strategic relationships outlined in this report are designed to be "all weather" principles borne out of existing good partnership working between councils and their local VCS sector.

They attempt to distil the key characteristics of good partnership working 'in general'. However, in practice they will be applied in a specific set of circumstances, determined by:

- an external policy environment shaped around shrinking council budgets and competitive commissioning that often values economically advantageous (often interpreted as the cheapest) bids over others
- long-term crisis conditions for VCS organisations at the local level, following a decade of austerity, and the pressures of the pandemic moving into a cost of living crisis.

It is therefore important for local areas to think about the implications of these contextual factors and what they mean for putting these principles into practice. For example, the pandemic has arguably strengthened a key aspect of **'Shared Foundations'** by increasing councils' awareness of, and appreciation for, the work VCS organisations do. This has the potential to build trust and confidence for councils to share power. However, it has also been suggested by research participants that the experience could have reinforced a more transactional relationship, with VCS organisations "boxed off" as emergency delivery partners.

During the pandemic, there has also been evidence of a mindset shift between councils and VCS organisations required to create a '**Relational Culture**'. Several councils are now shaping their identities around unlocking the communities potential and collaborating with communities on shared aims and ambitions for their place. But embedding this way of working requires councils to be proactive and find creative ways to move towards this aim.

The big challenges around **'Capacity and Resources'** run the risk of being heightened by current conditions. Without a comprehensive and long-term financial settlement, councils will always struggle to properly resource strategic relationships. VCS organisations will also struggle to invest the time and capacity in long-term relationship building. With pressure on services growing and finances becoming ever more precarious, there will always be a tendency to focus on firefighting rather than thinking for the long-term.

There are examples throughout this report of how different council areas are overcoming these challenges to put these principles into practice. While it is important to recognise the difficult circumstances within which strategic relationships are seeking to grow, there is a clear consensus from this research that the only way through them is to work together.

Changes within the Procurement Bill, currently making its way through Parliament will enable councils to evaluate bids based on the Most Advantageous Tender (MAT) rather than how they currently have to evaluate bids based on the Most Economically Advantageous Tender (MEAT). This may go some way to ensuring buyers, such as councils, are more aware of other factors such as social value when evaluating bids from VCS organisations. The LGA will shortly be publishing the National Procurement Strategy Toolkit for local government, which provides thorough advice on how to work with and commission more effectively local VCSE

organisations. This toolkit coupled with the findings of this research and the changes coming into effect through the Procurement Bill, makes the LGA hopeful that local partners have more tools to embed high quality commissioning of VCSE organisations.

Creating effective strategic relationships will require give and take, patience when things don't go to plan, and a recognition that the right solutions won't always exist locally. But different places around the country are demonstrating the art of the possible. They highlight what can be achieved when councils and VCS organisations come together in the spirit of partnership to tackle common challenges.

Appendix B: Stakeholder Interviewees – Workstream 1:

- Rebecca Young, Policy Lead, National Council for Voluntary Organisations (NCVO)
- Rob MacMillan, Principal Research Fellow, Centre for Regional Economic and Social Research (CRESR), Sheffield Hallam University
- Hannah Small, Policy Adviser (Democracy, VCS and Equalities), Local Government Association
- Jonathan Rallings, Senior Policy Officer, County Councils Network
- Maddy Desforges, CEO, National Association for Voluntary and Community Action (NAVCA)
- Ellie Brodie, Interim Policy Manager, NAVCA
- Yolande Burgess, Strategy Director, London Councils

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xviii New Local, 2021, Community Power: The Evidence

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