

Report for: Cabinet, 16 June 2020

Title: Covid-19: Supporting the infrastructure of the Voluntary and Community Sector

Report authorised by : Charlotte Pomery, Assistant Director Commissioning

Lead Officer: Charlotte Pomery, Assistant Director Commissioning

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key decision

1. Describe the issue under consideration

- 1.1 On 6th April 2020, the Leader agreed a report setting out urgent Financial Intervention and Measures to provide essential support and urgent services in response to the Covid-19 outbreak in Haringey. The paper was a wide-ranging view across all areas of Council activity and covered a number of decisions including support to the Voluntary and Community Sector (VCS).
- 1.2 At the time of drafting the report, guidance from the Chancellor on a package of support for the voluntary and community sector was anticipated but had not yet been produced. In light of this, the Council confirmed a Rent Holiday for those voluntary and community sector organisations for which it is the landlord, for a period of three months and noted that agreement to the Council's urgent response to the needs of the sector be formulated with reference to any such guidance (or in its absence if not issued). This report sets out the Council's response to the needs of the sector in light of this guidance.
- 1.3 It is important to note that the financial impact of the Council's response as set out here may not be matched by a corresponding increase in the level of the Covid-19 response funding from central government. To date the level of interim grant received by the Council (£15.5m) is considerably less than the forecast impact on the Council's income and expenditure, and recent government statements are giving rise to increased concern in the local authority sector as to the level of support that ultimately will be in place. Notwithstanding this and in light of the immediacy of the issues faced by local organisations, a draft package of support to the VCS sector is put forward here. The extent of the budgetary commitment represents a balance between the benefits of the scheme with the financial uncertainties facing the Council.

2. Cabinet Member Introduction

- 2.1 The Covid-19 pandemic has made the world a different place over the past few months – and its effects are anticipated to be long-lasting. Whilst we are beginning to understand how a new normal may look and feel, there is a lot more for us to understand about the depth of impact. We know that some established businesses,

organisations and functions across all sectors will not be able to survive and continue to operate in the new world and that everyone will need to make adjustments to the fact of Covid-19 in our lives. It is in the context therefore of the need for adaptation and change, that I am presenting this report and recommendations.

- 2.2 As a Council, we are very aware that the pandemic has both exacerbated and shone a light into pre-existing inequalities in society – locally and nationally. The disproportionate impacts (from a health and wellbeing and an economic perspective) of the pandemic on BAME communities, on women at risk of domestic violence and on people at risk of homelessness for example are being increasingly well understood and we need to work together to address these inequalities in everything that we do. I see the proposals set out in this report as one way we can ensure we continue to reach into local communities and to ensure that inequalities are identified, challenged and reformed.
- 2.3 The government’s response to the voluntary and community sector, and in particular its recognition of the challenges facing its infrastructure from reduced income and fundraising, from closure of services and from the demands of responding to the pandemic, have been wholly inadequate to date – meaning the Council is stepping in, despite the lack of central government funding available to support this approach. We believe within the very uncertain financial and political context as outlined this package is fair and demonstrates our commitment to Haringey’s voluntary and community sector as a crucial partner for the Council.

Recommendations

- 3.1 Cabinet is asked to agree to:
- 3.1.1 Support access to external funding including central government schemes where appropriate, working with the Bridge Renewal Trust as the Council's Strategic Partner
 - 3.1.2 The principles set out in section 6.2 as a framework for the scheme
 - 3.1.3 Create a £250k VCS Hardship (Operating Costs) Fund for rapid allocation to the sector in line with the principles agreed in 3.1.2 above
 - 3.1.4 Create a £250k VCS Hardship (Critical Support for those of Additional Value) Fund for rapid allocation to the sector in line with the principles agreed in 3.1.2 above
 - 3.1.5 Extend the current 3 month rent holiday for organisations in Council buildings to 6 months at an estimated cost of £100,000
 - 3.1.6 Agree an allocation of £600k from the Council’s Emergency Response Contingency (general fund) to fund these proposals
 - 3.1.7 Develop an in-kind support offer to the sector, working with partners
 - 3.1.8 Facilitate increasing collaboration between organisations in the sector, working with the Bridge Renewal Trust as the Council’s Strategic Partner
 - 3.1.9 Delegate authority to the Director of Finance to establish and implement the detail of the scheme in line with the principles and in consultation with the Cabinet Member for Communities and Equalities

4. Reasons for decision

- 4.1 The set of proposals being put forward here will support the Council, working with the sector, to respond quickly to the impact of the lockdown on the viability of voluntary and community organisations in Haringey. The lockdown had and continues to have an immediate and fundamental impact on the ability of the sector to operate effectively, to raise income and to continue to offer the broad range of services local residents need. It is the view of the Council that without an early offer of support to the sector as set out here, the impact will be more severe with a likely impact on increasing demand for wider Council services. However, notwithstanding this support, it is noted that a number of local organisations will remain at risk of closure.
- 4.1.1 Some community organisations in the borough will be eligible to apply external funding, both to support infrastructure costs and to meet service delivery costs, during the pandemic, including through central government business support schemes. The Council is keen that organisations are able to benefit from such funding and working with the Bridge Renewal Trust through a joint team, will therefore offer practical and individual support the sector to access external funds.
- 4.1.2 The Council recognises the challenges of delivering an equitable scheme when funds are limited and demand is high, and has therefore proposed the set of principles set out at 6.2 to underpin the details of the approach.
- 4.1.3 The Council proposes two separate funds to meet the financial pressures facing the sector – the first, the VCS Hardship (Operating Costs) Fund, is designed to meet unavoidable running and infrastructure costs which have arisen during the pandemic, the second, the VCS Hardship (Critical Support for those of Additional Value) Fund, is designed to address the risk that organisations of value to the borough may not be able to withstand the impact of the pandemic without additional financial aid. Each scheme will operate within the principles to be agreed at 6.2.
- 4.1.4 The Council has recognised the benefits of offering a rent holiday for three months to voluntary and community organisations in Council buildings and will extend this to 6 months to further ease the financial pressure of community organisations and in light of the continued constraints of the lockdown and subsequent restrictions on activity.
- 4.1.5 The Council recognises the need to ensure that this funding is available in the immediate term and will vire money from its Emergency Response Contingency Fund to enable this package to be put in place in a timely fashion.
- 4.1.6 The backdrop to this set of proposals is increasing collaboration between the council and the sector and between organisations within the sector throughout the period of the pandemic. This support package builds on the reality of this collaboration and the fact that the most welcome and beneficial support is not always financial but may involve the sharing of other skills and assets.
- 4.1.7 Given the time frames required to ensure this scheme can be established to respond quickly to need, the full detail of the scheme is being worked up by officers, within the framework set out here and to achieve alignment with other business support schemes both in operation and being developed. The Director of Finance working with the Cabinet Member for Communities and Equalities will approve the final detail of the scheme.

5. Alternative options considered

- 5.1 The Council could agree not to set aside a budget to meet the unavoidable infrastructure and running costs of the local voluntary and community sector, incurred during the Covid-19 lockdown. It is anticipated that this, however, would have a severe

impact on the VCS in the borough, which is critical to supporting vulnerable residents not only during the pandemic but at all times. This would be likely to lead to increased demand for Council services, which would turn out to be more costly for the Council in both the immediate and longer term.

- 5.2 The Council could agree to set aside a smaller budget to meet the unavoidable infrastructure and running costs of the local voluntary and community sector. This option was considered but discarded on the grounds that the Council would in any event need to respond to the increased levels of need in the community should voluntary and community organisations need to close and that this would bear a cost, potentially considerable, to the Council.
- 5.3 The Council could agree a different approach to seeking to meet the unavoidable infrastructure and running costs of the sector, incurred during the Covid-19 lockdown. Such approaches were considered but rejected on the grounds that they would not provide an equitable basis for responding to need and might adversely impact some sectors of the community.

6. Background information

- 6.1 There is a vibrant voluntary and community sector in Haringey, comprising hundreds of organisations – of different sizes, constitutional shapes and remits – across the borough. There is indeed a range of organisational types operating in the borough at community level to work directly with residents and these all deliver under the broad umbrella of the voluntary and community sector in Haringey. The VCS plays many roles, all of which are integral to the wellbeing of residents in Haringey, and which have been particularly critical through the Covid-19 outbreak. Through their work, the VCS often manages to bring together people from different backgrounds around common causes and interests and enhances community life in the borough. The Council recognises the particular contribution the sector in partnership with the Council has been making through this crisis in working with people's strengths and qualities – intervening in creative ways to prevent need escalating even in the midst of a crisis. Such approaches benefit the whole system of support for residents, a system of support often delivered by the statutory public sector. In short, the sector helps to create and sustain much needed social capital in the borough contributing directly to many of the Council's key policy agendas such as tackling inequality, community wealth building, living well and developing our economy locally for the benefit of all local residents as well as to the current relief effort.
 - 6.1.1 This report is brought forward as an urgent item for consideration at this Cabinet in light of the need to act quickly to respond to the impact of the lockdown on the viability of voluntary and community organisations in Haringey. The lockdown had and continues to have an immediate and fundamental impact on the ability of the sector to operate effectively, to raise income and to continue to offer the broad range of services local residents need. It is the view of the Council that without an early offer of support to the sector as set out here, a number of local organisations would be at risk of closure with a likely impact on increasing demand for wider Council services. Such closures would disrupt long-standing relationships between local residents and front-line, community based services affecting those already most affected by the inequalities of outcomes which Covid-19 only serves to exacerbate.
 - 6.1.2 Whilst the Covid-19 outbreak has had universal impact on health and wellbeing, the ensuing lockdown and guidance to avoid non-essential social contact and travel, promote social distancing and reduce the potential for gatherings of more than 10 people have had particular impacts for the work of the voluntary and community sector in the borough. Even here, though, these impacts vary in scale and range. Some

organisations, for example, have been able to adapt quickly to moving to telephone and online delivery – and their service offer is very much in demand at this time, for example benefits advice or mental health and wellbeing support. Some organisations, however, operate from buildings which have not been able to open during the lockdown or offer face to face services which it is hard to adapt to the overarching Stay at Home, Protect the NHS and Save Lives approach. Some organisations rely on income from activities such as community cafés, hiring out spaces for community functions and delivering sports programmes – none of which can be offered at this time. Some organisations are based in parks and therefore are subject to strict guidance on exercise use and social distancing.

6.1.3 In addition, the increased disparities in the risks and impacts of Covid-19 are becoming gradually better understood, even whilst actions to address these remain in development. Covid-19 has both shone a light on and exacerbated pre-existing inequalities including those faced by BAME communities, by disabled and older people, by women, by those escaping domestic abuse, by refugee and migrant communities and by LGBTQ+ residents. Of particular note in a borough as diverse as Haringey, the recently published Public Health England report highlights the disproportionate impact for BAME communities of the pandemic. In Haringey, the voluntary and community sector plays a key role in reaching out to and supporting local residents from BAME communities, especially where statutory partners may find engagement challenging.

6.1.4 Given this wide range of organisations, of constitutional types and of activities, and mindful of the wider impacts for the sector of the current outbreak, including the detrimental effects on the income streams of organisations, on their ability to meet grant conditions and milestones, on meeting day to day running costs, and on continued payment for their workforce, the Council has been working with the sector to understand better the financial challenges they are facing and this set of proposals provides the framework for any grant support to the sector from the Council.

6.2 Principles

6.2.1 There are six principles overarching this work:

6.2.1.1 the Council will make financial aid available as a last resort – we expect community and voluntary organisations to demonstrate that they have exhausted other routes to funding (whether from central government or from other external funding streams) and have mitigated any ongoing costs for the organisation (for example, through furloughing and access to the Government's Employee Retention Scheme) before approaching the Council for support

6.2.1.2 the Council will take an evidence based approach – organisations will need to demonstrate that funding from the Council is required in order to address immediate financial deficits and that these are related to the impacts of Covid-19 and not to previous instability of financial standing

6.2.1.3 the funding available will be directed to meet unavoidable running and core operational costs arising from Covid-19 and the ensuing lockdown restrictions and is not able to cover all outstanding liabilities of an organisation

6.2.1.4 the organisation should be able to evidence that receipt of such funding from the Council will make a positive difference to their future operation and not be immaterial to their support needs

6.2.1.5 the Council will use its leverage to support the sector in ways other than financial

6.2.1.6 the Council and the sector will agree to act transparently at all times

6.3 Approach

6.3.1 In line with our principles, we will first encourage and support all organisations in financial difficulty to apply for the Top Up Business Grants, which the Chancellor has indicated are available to the charitable sector. We anticipate these grants being available up to a maximum of £25k but some of £10k or less, with a mix of national direction and local discretion. We will need to follow Treasury Guidance in how the grants are applied but are aware that the funding available (estimated at £2.8m for Haringey at this stage, amount to be confirmed) will not be sufficient to meet demand.

<https://www.gov.uk/government/news/top-up-to-local-business-grant-funds-scheme>

<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

6.3.2 We will also encourage and support all organisations in financial difficulty to apply for external infrastructure funding – for example, from the London Community Response Fund, from Haringey Giving, from Sports England, from Arts Council England or from other specialist grant making bodies.

<https://www.bridgerenewaltrust.org.uk/covid-19-funding-opportunities>

Where we can, we will provide in-kind support available to organisations to support their development.

6.3.3 Should organisations be ineligible for support from these sources, or should the funding received through these sources be insufficient to meet their operational budget requirements, organisations will be able to apply for small grants from the Council's VCS Hardship (Operating Costs) Fund or for grants from the Council's VCS Hardship (Critical Support for those of Additional Value) Fund. Organisations will not be able to apply to both Funds.

6.3.4 The VCS Hardship (Operating Costs) Fund

6.3.4.1 The Fund will be fixed at £250,000 and will be promoted – applications from organisations will be dealt with within a clearly publicised window of opportunity. Where an organisation is in such financial difficulty that a grant from the Fund would be inadequate to meet the financial deficit, the Council will need to consider not awarding such a grant but recognising that organisational closure may be the outcome.

6.3.4.2 Grants will be made available for the purpose of ensuring that organisations are able to cover unavoidable running costs for up to a six month period in effect offering a business grant to cover core operational costs. During this period, organisations will be expected to consider the viability of their operations in an environment where Covid-19 remains endemic and some social distancing measures are likely to remain until a vaccine is successfully created and produced. This may necessitate service redesign and the application of alternative approaches to service delivery at pace and creatively to accommodate any Covid-19 related requirements.

6.3.4.3 We anticipate grant levels will range from £2k to a maximum of £10k.

6.3.5 The VCS Hardship (Critical Support for those of Additional Value) Fund

- 6.3.5.1 The Council recognises that some organisations are too valuable to the borough to fail – that is, they are in effect mission-critical to meeting Borough Plan objectives – and yet may need additional funding to cover their costs at this time. The size of the organisation is seen as different from its value – it is noted that very small organisations can still deliver significant value to the quality of life in the borough and to its residents. The only criteria to be used to determine organisations which may apply to the fund should be the value they directly offer the borough and the fact that their financial model has been directly and severely affected by Covid-19. These criteria will need to consider the impacts of organisations potentially being unable to operate particularly for those communities most affected by Covid-19 – whether from a health or an economic perspective. These will include residents with protected characteristics including age, disability, race, religion/belief, sex, and sexuality. It is noted too, that some very important organisations in the borough may not be able to apply to the Fund as they have access to significant levels of reserves and other finances to ensure their continuation. By way of background, however, they broadly fall in to three categories:
- 6.3.5.2 Key organisations where demand remains high, funding remains in place and where it has been possible to shift to alternative methods of delivery, meaning less impact on income streams (although the hiatus in fundraising, in room hires and in café offers should not be underestimated). Such organisations are less likely to be successful in applying to the Fund.
- 6.3.5.3 Key organisations where the operating model relies on income from other organisations and where the building-based nature of the operation means that income options are limited. Where financial resilience is limited and there are limited reserves, such organisations may be successful in applying to the Fund.
- 6.3.5.4 Key organisations where income is reliant on core activities which cannot be delivered in lockdown and which therefore directly affect their income stream. Again, where financial resilience is limited and there are limited reserves, such organisations may be successful in applying to the Fund.
- 6.3.5.5 We propose to set aside £250,000 to form a VCS Hardship (Critical Support for those of Additional Value) Fund. We recognise that such additional funding again cannot address all the financial needs of an organisation. In order to administer this funding we would propose establishing an Evaluation Panel which would meet in one sitting, in order to be able to compare all applications in the round. We see two options for administering this: capping the maximum grant available at £25k or a more flexible approach with a sliding scale from £10k to £50k. We propose the more flexible approach may be more helpful in current circumstances. Our proposal is that the funding will be focused on supporting organisations to move to a more viable business model going forward and will therefore be considered as transformation funding to support the long-term viability of the organisation. Again, the Council will need to consider whether there is genuinely a prospect of the organisation being able to operate in the medium term before agreeing funding.
- 6.3.6 We propose to extend the rent holiday from 3 months to 6 months for all community organisations in Council premises, across all areas of activity.
- 6.3.7 The Council has established a joint VCS support team which will continue to work with the sector to access all relevant funding and to make sure organisations are aware of and can access this offer. They will support organisations to apply for the funding available and ensure they know about the parameters and the timescales for applications.

- 6.3.8 We are aware that there are particular areas where the sector could benefit from additional in-kind support and we will work across the Council, with other partners and with the sector to ensure better shared learning and input – we will foster collaborative approaches and facilitate input from the Council and from partners which would result in a stronger package of in-kind support for the sector, including support with moving services from a face to face/buildings base to a digital offer; improving bid-writing; transforming services and redesigning business models to be relevant to a world living with Covid-19.
- 6.3.9 As this paper sets out, the voluntary and community sector in Haringey is incredibly varied and therefore individual organisations will be affected differently by the impacts of the pandemic and more or less resilient in withstanding its continuing aftershocks.
- 6.3.10 Already, organisations have worked together to share best practice and to support each other to respond effectively to meeting the needs of local residents. Such collaboration will help to foster long-term relationships and to strengthen the sector. The Council would therefore wish to facilitate increased and continued collaboration between organisations which may take a number of forms. Recognising that organisations could work together to reduce overall running costs, the first set of opportunities to explore include: optimising use of space in buildings; co-location; shared use of back office services; shared utilities providers; shared repairs and maintenance contracts; shared waste provision. Recognising that some organisations may experience severe impacts from the outbreak and may need to look at their organisational structure and governance, the second set of opportunities to explore include: hosting arrangements; mergers; group structures; governance. The Council is fully aware that these are sensitive areas but is equally keen to safeguard organisations which may otherwise find it hard to remain operational in the borough.
- 6.4 This paper sets out proposals for a range of supports to the sector which are designed to enable organisations to continue operations, to have a breathing space to adapt to current and future realities and to ensure that organisations can have a chance to come through the pandemic stronger and more resilient. We recognise that the nature and scale of the pandemic mean that there is a wider environment over which we have little influence but which will very much shape the future of all our lives including continued lockdown restrictions, further surges in demand for health and care services, repeated disruptions to food supplies and the threat of a deeper and more sustained recession than experienced in recent times. These could dictate new areas of focus and require new responses.
- 6.5 An early learning point from the pandemic, is the importance of a strong infrastructure and reliable capability in the sector – which can then flex and adapt to urgent and changing need. We will come forward with further proposals for wider engagement and consultation on how we genuinely build a stronger infrastructure and capability in the sector and in our partnerships through a different funding approach.

6 Contribution to strategic outcomes

- 7.1 The recommendations are in line with the Borough Plan which sets out how partners – including the Council and the Voluntary and Community Sector – will work together to improve lives for local people.

7 Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance

8.1.1 It is recommended that £600,000 cost be met from the Emergency Response contingency. The £600k includes £250k VCS Hardship (Critical Support for those of Additional Value) Fund; £250k VCS Hardship (Operating Costs) Fund; and £100k to increase from 3 months to 6 months a rent holiday to VCS organisations occupying council properties. Any further requirements above this value will need to be subject to a further report.

8.1.2 The Financial Impact of Covid-19 – Update Report is on the the same Cabinet agenda as this report. The finance update report outlines the Council’s current financial position with the on-going assumption is that the full financial impact due to Covid-19 will be met from Government funding. The recommended allocation of £600k in this report is taken into consideration in the Financial Impact of Covid-19 – Update Report.

8.2 Procurement

8.2.1 The recommendations contained in this report are fully supported by Strategic Procurement to bolster and enable the VCS market to continue to support vulnerable Haringey residents. The proposed provision of financial aid will assist with infrastructure or operational support to enable, where appropriate, the re-engineering of the VCS service offer in light of the restrictions imposed by COVID 19.

8.2.2 In congruence with the requirements of Contract Standing Orders and the Procurement Code of Practice, all requests for Grant aid must adhere to CSO 17 . The awards available in relation to each grant aid application will not exceed £50k as outlined by 6.3.5.5 above.

8.3 Legal

8.3.1 The COVID-19 pandemic is a national emergency and in Haringey its impact can be felt in the health, social and economic sectors. Under Section 138 Local Government Act 1972 where there is an an emergency involving danger to life and the Council is of opinion that it is likely to affect the whole or part of their area or all or some of its inhabitants, the Council may a) incur such expenditure as it consider necessary in taking action which is calculated to avert, alleviate or eradicate in their area or among its inhabitants the effects or potential effects of the event; and b) make grants or loans to other persons or bodies on conditions determined by the Council in respect of any such action taken by those persons or bodies. Also, under Section 1 of the Localism Act 2011, the Council has the power (referred to as the general power of competence) to do anything that an individual generally may do. The power is subject to restrictions and limitation but these do not apply to the proposed decision.

8.4 Equality

8.4.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.4.2 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and

sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.4.3 The report recognises the challenges posed by the Covid-19 crisis and proposed support to the Voluntary Community Sector (VCS).
- 8.4.4 The proposed recommendation is to use £600,000 of the Council's Emergency Response Contingency to fund and support the sector. This will see an extension of the current rent holiday from 3 to 6 months and £500,000 ring-fenced as a VCS Hardship fund. Support is not only financial but proposes the development of in-kind support to the sector, increased collaboration with partners and lobbying central government for improved stability of the VCS.
- 8.4.5 The objective of the proposed recommendations is to enable the VCS to continue in the delivery of vital community services- working across a range of areas, including mental health, youth provision and access information, advice, and guidance. The proposed recommendations work to mitigate against the risk of VCS organisations having to close (due to financial and other difficulties), which could potentially see an increase in demand for council services and a gap in support provided to Haringey residents.
- 8.4.6 The VCS helps to create and sustain social capital in the borough, contributing to the councils key policy agendas including tackling inequality, living well, and developing the local economy for community benefit. As such, the proposed decision represents a measure to mitigate the extent to which the Covid-19 crisis may exacerbate existing inequalities across Haringey and works to ensure the future vitality of the VCS.
- 8.4.7 Moreover, it is now understood that Covid-19 has exacerbated pre-existing inequalities faced BAME and LGBT communities, disabled and older people, and women. In Haringey, the VCS play a role in reaching out and supportive local residents from across the borough, inclusive of BAME and LGBT communities. The proposed recommendations will work to enable organisations who actively challenge inequality and support resident to continue in the delivery of vital services across Haringey.

9. Use of Appendices

None

10. Local Government (Access to Information) Act 1985

None