Delegated Decision Report
13 July 2026

Title:	North East Community Impact Fund
Portfolio:	Home of Real Opportunity
Responsible Director:	Charlotte Carpenter, Director of Skills, Inclusion and Public Service Reform
Report Author:	Adrian Dougherty, Assistant Director, Inclusive Futures Bethan Evans, Senior Programme Manager, Inclusive Futures

Purpose of the report

The purpose of this report is to seek approval:

From the Director of Skills, Inclusion and Public Service Reform, in consultation with the Monitoring Officer and Chief Finance Officer, as set out in the Cabinet report of 17 March 2026, for the North East Community Impact Fund to proceed to implementation, including the commencement of the procurement and grant-making processes necessary to enable programme delivery, in accordance with the procurement rules of the North East Mayoral Strategic Authority (North East MSA).

Recommendations

The Director of Skills, Inclusion and Public Service Reform, in consultation with the Monitoring Officer and Chief Finance Officer, is recommended to authorise the implementation of the North East Community Impact Fund including the commencement of procurement and grant-making processes necessary to enable programme delivery, in accordance with the North East MSA's procurement rules.

Executive Summary

The North East Community Impact Fund (CIF) is a time-limited regional programme designed to strengthen the VCSE sector's readiness for outcomes-based funding models and preventative, partnership-based commissioning, including the forthcoming £500m Better Futures Fund (BFF).

The programme will build system capacity, protect critical social infrastructure, and enhance VCSE capability in evaluation, partnership development, commissioning readiness, and sustainability. It responds directly to requests from local authorities and VCSE partners for a coordinated, region-wide mechanism to stabilise the sector, develop readiness for emerging national funding opportunities, and diversify income streams.

The CIF has been designed to ensure this support is both accessible at local level and responsive to the diverse maturity levels of VCSE organisations across the region. It aligns with the North East MSA's Home of Real Opportunity mission, and with ambitions on child poverty, resilient communities, good work, and inclusive growth.

In March 2026, Cabinet endorsed development of the CIF and approved an allocation of up to £12m from the Investment Fund, subject to the completion of the Full Business Case, appraisal, and consideration by Technical Officers Group and Finance and Investment Board. These conditions have been met, and this report seeks approval to progress to implementation via delegations that were agreed by Cabinet and Finance and Investment Board.

A. Context

1. Background

VCSE organisations are essential to North East England's social and economic fabric, delivering trusted early support and preventative services that can reduce long-term demand on public services.

They are often best placed to reach residents with complex needs, especially in communities with low levels of engagement with statutory systems.

However, the operating environment is increasingly challenging for the sector. Organisations report rising demand, financial pressure, and limited capacity. Their participation in public service commissioning remains disproportionately low, due to persistent structural barriers such as contract scale, complexity, and access to partnership structures.

The national landscape is also shifting towards outcomes-based funding models, exemplified by the forthcoming £500m Better Futures Fund (BFF). These models offer significant opportunities but require strong organisational infrastructure, collaborative structures, robust data and evaluation capability, and sophisticated partnership working. Without targeted regional intervention, there is a risk that the North East MSA area will be unable to fully participate in emerging opportunities, leaving valuable organisations financially vulnerable and communities underserved.

The CIF is designed to mitigate these risks and stabilise the sector, by providing both regional specialist support and place-based capability-building, enabling organisations across the maturity spectrum to access appropriate capacity support, partnership-development opportunities, and commissioning-readiness assistance.

On 17 March 2026, Cabinet endorsed the development of the CIF and approved an allocation of up to £12m from the Investment Fund, over up to three years, subject to the completion of the Full Business Case, appraisal, and consideration by Technical Officers Group and Finance and Investment Board in line with the Single Assurance Framework. Cabinet also approved the delegations that are covered by this report. The Full Business Case was then completed, externally appraised (receiving 'Green' ratings across the five cases) and the proposals approved by Technical Officers Group (on 23 March 2026) and Finance and Investment Board (on 20 April 2026).

2. Programme Design

The CIF is designed to reflect the current conditions of the region's VCSE sector and is both informed and supported by the sector. Recognising that organisations are at different levels of maturity and capability, and require different levels of support, the CIF will enable organisations to progress from early-stage provision through to participation in commissioned and outcomes-based models, ensuring investment is targeted and proportionate. The programme will be delivered through three interrelated pillars:

2.1: Programme Management and Evaluation

A programme management function will provide system-level coordination, governance and oversight of the Fund. To ensure rapid mobilisation and consistent delivery across a complex, time-limited programme, specialist external support will be commissioned and overseen by the North East MSA, with core functions of the commissioned support to include:

- programme management, including grant allocation, monitoring, reporting and assurance,
- development of shared outcomes, metrics and data standards,
- ongoing sector mapping and capability analysis,
- system learning loops, ensuring evidence feeds back into commissioning, provider development and national funding bids,
- stakeholder engagement, ensuring the programme adds value both regionally and locally,
- improving accessibility and visibility of VCSE commissioning opportunities,
- evaluation to ensure robust evidence of impact at organisational, system and outcome levels.

2.2: System Resilience and Capability

This pillar strengthens the ability of the VCSE sector to participate in outcomes-based commissioning and operate at scale, focusing on organisational development and partnership formation. It also aims to strengthen VCSE support and infrastructure organisations, helping to ensure the sector continues to be supported beyond the life of the fund. There are two main elements to this pillar:

- **Capacity Building Grants**
  Capacity building grants will give direct investment to VCSE organisations, to free up time and resources to prepare for future opportunities. Approximately 150 smaller grants (c.£15k) will support early-stage organisational development, and 15 larger grants (c.£50k) will support partnership formation, bid development, and mobilisation ahead of commissioning. Grants will be open to VCSE organisations of any type and size, provided they can:
    - demonstrate an outcomes-focused approach and a commitment to developing their capability for future commissioning or partnership-based delivery,
    - identify specific areas for organisational development and set out how these will be addressed,
    - demonstrate how this development will improve their sustainability or ability to secure funding; and/or how the grant will enable them to pursue a clear business or commissioning opportunity.

- **System Level Capability and Support**
  This element will enhance the wider ecosystem that VCSE organisations rely on to navigate commissioning, build partnerships and access capability support, with delivery structured across two tiers:
    - **Regional**: A lead organisation will provide regional coordination, sector leadership, and specialist support, to enable outcomes-based commissioning readiness and the development of shared tools and data approaches, partnership structures, and system-level infrastructure.
    - **Local:** Up to seven local providers will be competitively procured to deliver targeted organisational development and capability-building to VCSE organisations within their areas, acting as conduits into more specialist regional support where appropriate.

2.3: Outcomes Delivery via an Outcomes Match Fund

The Outcomes Delivery pillar will enable the region to pilot, test and scale outcomes-based delivery models through a dedicated Outcomes Match Fund, supporting exemplar social outcomes contracts that align with regional priorities and national opportunities such as BFF. The Match Fund will:

- provide match funding to leverage national funding (estimated at a rate between 2:1 and 4:1),
- support the region and delivery partners to build practical experience in, and transition to, outcomes-based delivery,
- demonstrate measurable social and economic impact to national funders,
- help refine delivery models, pricing and risk sharing approaches.

3. Timetable for implementation

Final programme design and mobilisation	Apr–Jun 2026
Commissioning of PMO function and system resilience support	Jun-Jul 2026
Year 1 delivery – launch of System Support and Outcomes Match Fund	2026–27 (Q3-4)
Year 2 delivery	2027–28 (Q1-Q4)
Mid-point evaluation published	December 2027
Year 3 delivery	2028–29 (Q1-Q2)
Final Evaluation published	September 2029
Project close down	September 2029

B. Impact on North East Mayoral Strategic Authority Objectives

The CIF supports delivery of the North East MSA’s commitments to:

- reduce child poverty by strengthening early help, family support and financial inclusion organisations,
- improve life chances and employability by supporting organisations addressing barriers to work,
- strengthen resilient communities by protecting anchor social infrastructure,
- enable inclusive growth by supporting capability and sustainability in the foundational economy.

C. Key risks

The key risks are summarised below and are detailed in the full business case:

- Fragmentation risk if local and regional activity becomes misaligned. Mitigated via the proposed programme management function and shared frameworks.
- Variability in provider readiness. Addressed by maturity-based progression.
- Delivery risk in outcomes-based contract. Mitigated by match-fund design and phased development.
- Capacity constraints in local ecosystems. Mitigated through the System Resilience pillar.
- Timing and national policy uncertainty. Mitigated through flexible programme design.

D. Corporate Implications

D1. Financial and other resources implications

Funding source	2026/27	2027/28	2028/29	Total
North East MSA Investment Fund	£2.44m	£5.46m	£3.97m	£11.87m
External Leverage (est)	£1.5m	£6.0m	£7.5m	£15m
Total (est inc. external leverage)	£3.94m	£11.46m	£11.47m	£26.87m

The expenditure profile anticipates that most grants and capability support will be committed within the first two years of delivery, with outcomes-based payments potentially continuing beyond this period depending on contract mobilisation and verification timelines. This approach supports timely deployment while ensuring outcomes-based projects have sufficient runway to achieve, verify and claim outcomes.

The design of the CIF includes provision for contracted organisations to administer grants and deliver programme management, reducing administrative burden on internal North East MSA processes and ensuring timely mobilisation and distribution of funds to VCSE organisations.

The overall allocation of up to £12m from the Investment Fund reflects the combined costs of regional capability support, place-based delivery, capacity-building grants, programme management and evaluation, outcomes match funding, and support for both early development and more advanced readiness for outcomes-based commissioning.

The indicative financial split includes:

- up to £6m for the Outcomes Match Fund to unlock external co-commissioning investment,
- c.£1.6m for regional and place-based capability support,
- c.£3.6m for capacity building grants (administered through a grant provider),
- c.£0.4m for evaluation,
- c.£0.36m for programme management.

These figures reflect established cost benchmarks from previous national capacity-building and outcomes-contracting programmes and will be updated to reflect final guidance from Government on the BFF and the outcomes of regional and local priority-setting. The profile also allows for flexibility to adjust spending between system-level capability work and local capacity grants depending on demand across places.

Decisions relating to the allocation of match funding will be overseen by a joint investment panel comprising representatives of the North East MSA and constituent local authorities, VCSE sector and other bodies as appropriate, reporting to the Home of Real Opportunity Portfolio Advisory Board.

D2. Legal implications

Comments of the representative of the Monitoring Officer have been included in this report. The programme will be delivered in accordance with the Subsidy Control Act 2022 and the requirements of the North East MSA's Commissioning and Procurement Procedure Rules.

D3. Equalities implications

The North East MSA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. The CIF primarily contributes to equity by supporting organisations delivering services in underserved communities and addressing structural inequalities.

An Equality Impact Assessment (EIA) was undertaken and submitted alongside the Full Business Case. The EIA process informed the programme design to ensure it advances equity, including the following design features:

- Two groups were identified for priority action:
    - smaller and grassroots VCSE organisations,
    - children, young people and families experiencing the greatest disadvantage.
- Inclusive design will be built into grant and commissioning specifications with clear expectations for delivery partners on reaching underrepresented groups.
- Grants will be available at smaller award sizes with proportionate application processes, so that smaller and grassroots organisations are not disadvantaged.
- Work with regional bodies such as VONNE will ensure outreach actively reaches organisations that might not otherwise engage with the programme.
- Participation data will be collected and monitored throughout delivery, and providers will be supported to adapt their approach where particular groups are being underserved.

D4. Consultation and engagement

Local engagement has shaped the CIF, including:

- Economic Directors from all seven constituent Local Authorities (LA7)
- LA7 Home of Real Opportunity Steering Group
- VCSE Leadership Group (chaired by VONNE)
- Direct consultation with VONNE
- Home of Real Opportunity Portfolio Advisory Board
- Local infrastructure and system partners
- Chief executives and senior leaders

E. Appendices

None

F. Background papers

https://www.gov.uk/guidance/better-futures-fund
https://www.gov.uk/guidance/social-outcomes-partnerships
North East CA Cabinet Report 17 March 2026

G. Contact officers

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H. Glossary

BFF	Better Futures Fund
CIF	North East Community Impact Fund

EIA	Equalities Impact Assessment
LA7	The constituent Local Authorities of the North East Mayoral Strategic Authority
North East MSA	North East Mayoral Strategic Authority
PMO	Programme Management Office
VCSE	Voluntary, Community and Social Enterprise
VONNE	Voluntary Organisations Network North East