
**Manchester City Council
Report for Information**

Report to: Finance Scrutiny Committee – 9 January 2014

Subject: Commissioning of Voluntary and Community Sector Organisations

Report of: Deputy Chief Executive (Performance)

Summary

This report responds to the Committee's request for an update on the commissioning of voluntary and community sector (VCS) organisations since the Committee last considered this issue in July 2013. The report includes:

- progress on developing common practices in commissioning VCS organisations, with reference to the Commissioning Hub;
- progress on involving elected Members further in the process for commissioning VCS organisations, and keeping Ward Councillors informed about grant giving and commissioning in their ward and
- Future proposals for improving and simplifying the Council's grants processes, including introducing a universal application form and/or process.

Recommendations

That the Committee note the content of this report.

Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1.0 Introduction

- 1.1 In July 2013 this Committee received a report on the Council's approach to commissioning voluntary and community sector (VCS) organisations, considered whether there was a consistent approach to commissioning VCS organisations across the Council and whether there was any duplication in commissioning VCS organisations and how this is avoided. This report also looked at how new integrated commissioning arrangements will provide an opportunity to improve the Council's approach in this area.
- 1.2 At its meeting in July 2013 this Committee requested a further report in six months to update the Committee on:
- progress on developing common practices in commissioning VCS organisations, with reference to the Commissioning Hub;
 - progress on involving elected Members further in the process for commissioning VCS organisations, and keeping Ward Councillors informed about grant giving and commissioning in their ward; and
 - a strategy for improving and simplifying the Council's grants processes, including introducing a universal application form and/or process.
- 1.3 This report responds to that request. Another report on the agenda sets out in more detail the development of the Commissioning Hub and how this complements the wider strategy for the commissioning of VCS organisations.

2.0 Background

- 2.1 The report on this subject in July 2013 listed some of the grant programmes and contract headings which the Council operates for voluntary and community sector organisations. Since July, further work has been undertaken across directorates to better map the extent of our grants and contracts with the VCS. Whilst there are still some gaps in the picture, we now have a much better appreciation of the scope of our funding arrangements with the voluntary and community sector.
- 2.2 One of the most helpful features of this mapping work is that we have drawn together our funding arrangements by organisation, rather than by funding stream, so that we can now easily see which organisations have multiple funding arrangements with the Council through different contractual and grant funding arrangements.
- 2.3 Funding arrangements are summarised at Appendix 1. Please note that this presents the latest picture of funding for VCS organisations, and will continue to develop and evolve. The detailed picture of individual funding arrangements is held by the Commissioning Hub.
- 2.4 Work ongoing by the Commissioning Hub to augment our use of SAP (the Council's finance and contract management system) will further improve the quality and accessibility of the data we hold on all of our grants and contracts, including those with the VCS.

- 2.5 As set out in the July report, the VCS in Manchester is disparate. There are many small local organisations with small incomes and no paid staff, a number of very large national charities and some mid-sized Manchester based voluntary organisations. Our approach has to be flexible enough to encompass working with the full range of VCS organisations in the city.
- 2.6 In addition whilst grants are limited to the VCS and some contracts are aimed at VCS organisations, in other cases (such as Supporting People) VCS providers compete for contracts alongside public and private sector providers.

3.0 Commissioning the VCS

- 3.1 Since July 2013, much work has been done with the VCS in relation to achieving savings on key contract areas which were due to end in March 2014. This includes Supporting People and a range of contracts to support adults, such as carers' support, advocacy, mental health support and employment support for those with disabilities.
- 3.2 Our approach to the VCS has been to consult, to listen to representations and to adjust our approach as necessary to ensure value for money and maximum benefit to residents. Our overall strategy, in the short term, has been to avoid subjecting organisations to a tendering process if this is possible within procurement legislation, instead extending contracts on the basis of negotiated savings against a clear value for money, quality and impact criteria.
- 3.3 Most of these negotiations have been successful, enabling VCS organisations to have their contracts extended. These negotiated agreements give our VCS organisations some certainty on funding for the next year. They also give both the Council and the VCS in the city an opportunity to make significant changes to the way that we work together for 2015 and beyond, during a period of relative stability.
- 3.4 For example, in discussions with a range of small and medium sized VCS providers in Manchester, we have explored alternative organisation forms that may be relevant in the future, such as forming alliances and partnerships with each other to bid for future work from 2015 onwards. Such alliances have been shown to help small specialist organisations, such as those with reach into a particular community, to be part of a larger network of partners. These organisations are important to us because of their reach, but they do not always have the capacity to bid for competitive contracts or to respond to new contracting models such as spot purchasing. Larger, better resourced VCS organisations can take the lead on bidding, sub-contracting to these smaller groups.
- 3.5 These discussions are already bearing fruit with alliances and partnerships forming and memoranda of understanding being drawn up between VCS organisations in the City.

- 3.6 A good example of the VCS working together in Manchester is the Fulfilling Lives lottery funded work, where Shelter is taking the lead, working with a wide variety of VCS organisations to deliver a programme of support to adults with multiple and complex needs. The Council has provided strategic support to the bidding organisations, including supporting the bid in presenting to the Big Lottery. If successful this will bring in £10m to the sector in the City.
- 3.7 As discussed in 3.1 and 3.2, recent commissioning of VCS organisations has often been an extension of existing arrangements, some of which have been in place for some time. We will need to work together with Members and with the VCS over the next year to re-shape these services to better meet the needs of our residents and to ensure that they are sharply focussed on increasing the independence of our residents. In particular, reflecting a focus on early help and early intervention, building on the strengths and assets of the sector. This may mean some significant changes to what services are commissioned, how and from whom.
- 3.8 The new three year contract with Macc (Manchester's voluntary and community sector infrastructure support organisation) provides a strong means to engage with the sector on establishing the priorities, identifying risks and opportunities. This includes work on the development of a communication plan, to more closely link commissioners across the city with VCS organisations. We are also in dialogue with Macc about how we can work with them and the VCS in preparation for the next round of budget reductions.
- 3.9 We will further develop the Chest (the North West procurement portal) to make it easier for VCS organisations to use for relevant services, consulting with organisations and developed together with procurement.
- 3.9 Member involvement in the commissioning process has been very important, for example, Members played a critical role in shaping the recent advice services tender. So that future Member involvement is co-ordinated and transparent, we suggest that Members should be stakeholders in the developing locality commissioning plans (described in attached commissioning hub paper), feeding into the process through Ward Coordination and SRF Members processes.

4.0 Grants

- 4.1 As set out in paragraph 2.1 we now have a much better picture of our grant funding arrangements across the Council – which organisations we fund, how much we are spending and what the timeframes are for different grant programmes.
- 4.2 The Council's invests over £9 million a year in Manchester's VCS via grants. Many of our grant programmes work very well in meeting community needs and involve Members well in the process of decision making. Good recent examples include the Mental Health and Wellbeing grants and the Equalities grants. Equalities grants were substantially changed earlier this year from four separate grant programmes to a single one with consistent processes and

aims and objectives much more closely tied to the Council's current priorities. This change was achieved successfully, in what can be a contentious area, following proper consultation with Members and the public and with strong input from a VCS advisory group.

- 4.3 The Council recognises that it can be difficult for groups and for Members to be aware of all of the different Council and other grant funding opportunities available to them. Since the last report to this Committee we have been working with Macc on a database of funding opportunities for Manchester VCS groups (grants and contracts). This database is now live and accessible through Macc's Manchester Community Central website:

<http://www.manchestercommunitycentral.org/support-groups/localpublicsectofundingopportunities>

Macc is continuing to build this database which will include funding opportunities from other public sector bodies. Macc has responsibility for administering and keeping this database up to date and this work comes under their contract with us

- 4.4 In addition, Macc's weekly e-bulletin (which currently has over 3,000 subscribers) alerts people to forthcoming and open funding opportunities. Anyone can subscribe to this short bulletin which also posts VCS job and training opportunities and other news.

<http://www.manchestercommunitycentral.org/ebulletin-registration-page>.

- 4.5 Officers administering grants have met to discuss their programmes, the positive features of these and where they see the need for improvements. Some key points that emerged from this discussion echo the views this Committee expressed in July:

- The *involvement of Councillors* in the grant process varies widely by grant programme with Members intensely involved in some, but less so in others. Officers felt that a consistent approach to Member involvement would be very helpful.
- *Spatial level*: some grant programmes, such as Play, have benefitted from moving to an SRF allocation approach which could also work well for Community Association funding. Some grant programmes, such as Equalities and Mental Health and Wellbeing, better suit a city wide approach.
- *Grant or Contract?* We need in future to be clear why we are using one or the other and what the differences are and the benefits / disadvantages of each.
- *Proportionality*: sometimes we ask for a lot of paperwork as part of a grant application process and post award monitoring, and even small payments can take a long time to work through our system.
- *Flexibility vs. centralisation*: the funding for some grant programmes comes from external sources and is therefore ring-fenced. We need to

align funding and get as much flexibility as possible to find funding for emerging needs or opportunities.

- 4.6 An informal workshop of grant recipients was held in December 2013. Attendees were asked to offer their experiences of applying for and receiving grants from the City Council and from others. Attendees were, on the whole, very positive about their experience of applying for and receiving Council grants, although many mentioned that we do not always keep to the timetables we set out for decision making, which can cause them difficulties when planning projects and employing staff. A number did volunteer that arrangements had markedly improved in recent years. Attendees also made a number of very practical suggestions about how grants processes might be improved. Workshop attendees were invited to take part in a small VCS advisory group on grants to help develop our approach over the coming months.
- 4.7 Our intention is to develop a consistent approach for the grant funding system, as part of the VCS Strategy outlined in section 5 below, ensuring legal compliance whilst making the process as simple and transparent as possible. The strategy will, following appropriate consultation and co-design with members, VCS organisations and officers, recommend a proposed consistent model for grant funding. There are a number of different approaches which will be explored with the VCS advisory group, as below.
- 4.8 The most straightforward approach is to retain all of the existing separate grant programmes and work to improve their consistency and co-ordination, for example by pulling them all together in one place on our website, introducing common monitoring and application requirements. We could use the Council's e-procurement portal – the Chest so that organisations only need upload their key documents once, an on-line application form (such as that recently used for Hate Crime Awareness week grants) and as our SAP system evolves, allow organisations to upload their own monitoring data.
- 4.9 This approach would be incremental with changes being introduced over time as grant rounds come up for renewal and so would take some years to work through. This may pose challenges in terms of alignment of services to respond to fiscal pressures and emerging key priorities.
- 4.10 An alternative approach would be to retain the separate themes we currently have but to site these within an overall grants process so that organisations would all complete the same, universal application form covering the key requirements as to governance, policies, organisational objectives and so on and would then answer a small number of theme specific questions depending on which grant pot they are applying to. Within this approach we may want to differentiate requirements by funding amount so that the universal form for grants up to a certain amount is very short and simple. We could fix a date for introducing this system and re-align existing funding periods. As above on-line application and monitoring could be introduced as the technology allows.

- 4.11 A further approach is to review much more fundamentally what the Council wants to use its grant funding for. The current arrangements have evolved over time and the context and funding situation have been and will be, subject to further change. This review might include fixing a definite VCS grants budget for the Council with allocated small grants/larger grants pots. In areas where we are clear what we want funding to achieve and can define outputs and outcomes we should consider ending grant funding and moving to commissioning.
- 4.12 A project plan will be developed to take forward the agreed approach. We would expect the work of designing a new system to be complete by June 2014. The introduction of a new system may therefore need to be phased, depending on the approach taken to take into account predetermined end dates for existing grants in 2014/15.

5.0 Developing the Compact into a VCS Strategy

- 5.1 The Council is due to review the Compact that underpins its relationship with the VCS. As above, we need to re-shape many of our contracted services delivered by the VCS and are considering changes to our grants programmes. We are also currently undertaking detailed work to improve the position of many VCS groups occupying Council premises.
- 5.2 Furthermore, in recent engagement events between commissioners and VCS organisations (for example, the Greater Manchester Black and Minority Ethnic Network), there has been considerable discussion and support for a more open dialogue between commissioners and providers. In particular, joint ideas generation and problem solving in terms of meeting the forecast reductions in budgets in an inclusive and progressive way; identifying ways of simplifying the bureaucracy of procurement; joint learning and engagement events to share knowledge and best practice on common priorities such as evaluation; and facilitating more alliance and partnership development in the city to respond to the Council's strategic priorities.
- 5.3 So that we do this work in a coherent manner, the Council is considering working with our VCS partners to develop a VCS Strategy which will set out clear principles for our relationship over the next 3-5 years. This will help to provide clarity on the Council's priorities, sense of direction and implications in terms of the role of the VCS in the City. It is proposed that a discussion paper is developed, together with Macc, to articulate the scope, process for development and end product, in February 2014.
- 5.4 Central to this VCS strategy will be the involvement of VCS organisations in the design, development and delivery of the Council's public service reform priorities. Some early examples of this involvement:

- The VCS are involved in the co-design of new delivery models for the Living longer Living Better¹ integrated care programme for Manchester. This has been particularly the case in Central Manchester, with representatives from organisations in the sector contributing to the design of delivery models for end of life care and for people with long term conditions. The Council is now working with Clinical Commissioning Groups in the South and North to replicate this approach.
- We have commissioned a framework² for interventions for Troubled Families. This framework offers those working with families a wide variety of tailored services to choose from that will meet families' needs at the right time and in the right order. The majority of providers on the Framework are from the VCS.
- In the development of the recent advice services specification (currently out to tender), a number of market testing events were held with voluntary and community sector organisations in the city to test the proposals and secure feedback on alternatives. This resulted in a number of the elements of the specification changing, taking on board feedback from providers. We anticipate a good representation of bids from the voluntary and community sector to deliver the services specified. Members were also very involved in shaping this work.

6.0 Recommendations

- 6.1 That the Committee note the content of this report.

¹ Please refer to papers of the 6 November 2013 Health and Wellbeing Board for more details of the Living Longer Living Better Programme

²

<http://intranet.mcc.local/corpserv/procurement/Documents/What%20is%20a%20Framework%20Agreement.doc>

Appendix 1 – VCS spend by category

Manchester City Council VCS funding

Grant fund	2013/14 allocation
Age Friendly Manchester Small Grants	£ 8,000.00
Cash grants	£ 960,000.00
Community Associations	£ 432,994.00
Community Farm	£ 20,000.00
Community Safety Partnership	£ 68,000.00
Cultural Partnership	£ 299,189.00
Cultural institutions	£ 4,956,000.00
Economic Development	£ 413,039.00
Environmental Strategy	£ 123,900.00
Equalities	£ 660,000.00
Hate Crime Awareness	£ 10,000.00
International Women's Day	£ 10,000.00
Mental health and wellbeing	£ 408,248.00
Neighbourhood Sports Fund	£ 20,000.00
Play	£ 360,464.00
Youth	£ 610,750.00
Subtotal	£ 9,360,584.00
Contracts	
Advocacy	£ 148,838.00
Advice	£ 1,361,035.00
Carers Support Services	£ 675,071.00
Dementia Support services	£ 186,625.00
Physical Disability Support Services	£ 19,167.00
Employment Support Services	£ 387,187.00
HIV Support services	£ 118,206.00
Domestic Violence	£ 52,690.00
Mental Health Services	£ 538,457.00
Homelessness	£ 380,438.00
Daycare/appointeeship	£ 480,957.00
Older People	£ 474,102.00
Learning Disability	£ 541,358.00
Family support/LAC	£ 3,134,322.00
Supporting People	£12,583,349.00
Drug and alcohol	£ 6,893,636.00
Sexual Health	£ 606,315.00
Neighbourhood Learning in Deprived Communities	£ 557,070.00
Sports Development	£ 6,898,438.00
Home Improvement Agency	£ 624,034.00
Subtotal	£36,661,295.00
Grand total	£46,021,879.00