

NORTH LINCOLNSHIRE COUNCIL

**CORPORATE & COMMUNITY SERVICES
CABINET MEMBER**

VOLUNTARY AND COMMUNITY SECTOR (VCS) FUNDING REVIEW

1. OBJECT AND KEY POINTS OF THIS REPORT

1.1 To inform the Cabinet Member of the progress made on the review of the current funding arrangements to the VCS and the outcome of the attendant consultation exercise on such matters and to determine the appropriate revised funding model.

1.2 The key points in this report are:

- Following the Cabinet Member's decision to carry out a review of the current VCS funding arrangements with a view to exploring the potential for a revised grant funding regime, extensive consultation with the VCS, other authorities and officers has now been undertaken.
- In light of such consultation and following an examination of other models at both local and national government levels, a revised model of allocation is now being proposed based upon the appointment of a custodian organisation/s to administer the distribution of two funding streams covering Infrastructure and Delivery support:
 - The support and development of the VCS in North Lincolnshire (Infrastructure); and
 - The provision of advice and guidance to local residents in North Lincolnshire (Delivery)
- Organisations may tender to be the custodian organisation for one or both of the funding streams. The appointment of the custodian organisation/s will follow a proportionate procurement exercise.
- This approach will allow the council to:
 - Ensure probity by specifying the services it expects from the custodian organisation; and
 - Devolve decision making on the majority of the funding to the VCS.
- Approval for the 'custodian model' and attendant procurement exercise to be undertaken is sought.

2. BACKGROUND INFORMATION

2.1 In line with the Cabinet Member's decision to review the way the Stronger Communities Team (SCT) provides funding to the VCS, a consultation exercise was undertaken with the five groups that currently receive funding from the Council. This supplemented an earlier information gathering exercise with the groups that concentrated on their utilisation of their current funding and the implications of any change in such arrangements.

- 2.2 As part of the consultation exercise the Head of Stronger Communities met with each of the groups concerned to discuss the reasons why a review of the current arrangements had been commissioned with particular focus on a revised grant funding model based upon a two funding stream approach and to elicit the groups' views on the review. A summary of the groups' views is to be found at Appendix A.
- 2.3 Although it must be acknowledged that the groups would prefer to maintain the current funding arrangements there was nonetheless a constructive and pragmatic recognition that there needed to be a more collaborative approach between the respective groups, and the sector generally, and a mitigation of duplication of resources and delivery of services.
- 2.4 Overall discussions recognised, in particular, the need to move towards a much more open and transparent process which will afford other organisations an opportunity to bid for funding and encourage the sector to work collaboratively to eradicate duplication of resources and service delivery.
- 2.5 It is worth noting that other local authorities and government departments have embarked on similar initiatives. In particular the Cabinet Office used the National Lottery as a custodian organisation to distribute the funds to the VCS available through the Transforming Local Infrastructure Fund.
- 2.6 The added premise being that the custodian organisation is appointed from the sector that the funding is targeted towards and as such is best placed to:
- Assess local need;
 - Identify and recommend funding to suitable partner organisations;
 - Facilitate the collaborative development and delivery of services; and
 - Performance manage delivery of services.
- 2.7 However whilst developing the localism aspects of the process it is considered more efficient not to duplicate financial management of the grant process and this would be retained by the council as at present.
- 2.8 The adoption of this 'custodian model' would be through a joint procurement and grant award process which could be completed so that any new funding arrangements could take effect from the 1 October 2012. It could be possible that an organisation may tender to be the custodian organisation for both funding streams and that this could create some economies of scale.
- 2.9 In accordance with established procurement practice the Council would need to agree a specification against which any custodian organisation/s might tender and it is suggested that the specification and grant conditions based on the principles set out at Appendix 2 and 3 be approved for this purpose. This specification is based upon the two streams:
- The support and development of the VCS in North Lincolnshire (Infrastructure); and
 - The provision of advice and guidance to local residents in North Lincolnshire (Delivery)
- 2.10 The council would seek to procure an organisation(s) to recommend to it the most appropriate way to distribute the funds (in accordance with its contract procedure rules) to ensure that the services are delivered to meet the specification. This

"custodian" organisation would also need to have procedures in place to ensure the funds are distributed objectively and avoid conflicts of interest where they may be the best organisation to deliver particular services. Applicants would provide information on how they would do this through a series of methods statements contained within their tender document.

2.11 The tendered cost of the custodian organisation in providing this service would be met from the funds as a first call (the service element) and the balance of the funds (the grant element) will be held by the council and available for distribution in accordance with the custodian's recommendation.

2.12 It is considered this version of the 'custodian model' would have the following benefits-

- Applies the principles of Localism by devolving as much as is possible of the grant awarding process;
- Provides transparency and openness in the award process;
- Maintain suitable financial probity and control;
- Encourages the development of social enterprises in line with the councils responsibilities outlined in the Public Services (Social Value) Act 2012.

3. OPTIONS FOR CONSIDERATION

3.1 Option 1 - That revised funding arrangements to the VCS be implemented, following a procurement process, based on the 'custodian model' to administer the distribution of two funding streams covering Infrastructure and Delivery.

3.2 Option 2 - That revised funding arrangements to the VCS be implemented based upon a competitive grant funding process for two grants covering infrastructure and delivery.

3.3 Option 3 - That the existing funding arrangements to the VCS be retained.

4 ANALYSIS OF OPTIONS

4.1 Option 1 - The process is open and transparent and ensures that any organisation that applies has a suitable track record and a proven ability to meet the Councils requirements. It minimises the initial payments to ensure that the application process is thorough but concise. It draws upon previous experience of providing funds to external organisations within the council and provides a possible template for how the council could assess applications or tenders from the VCS in the future.

It is recognised that some organisations may choose not to involve themselves in a collaborative approach. However it is felt that a collaborative approach would have a more positive impact on the social, environmental and economic well being of North Lincolnshire than the direct funding of individual organisations.

- 4.2 Option 2 - The amounts discussed are quite significant and an appropriate process would need to be no less thorough as it is essential that the application process ensures that the successful applicant can meet the Council's requirements. As the decision making on how all of the resources are utilised would remain within the council another different process would look broadly similar to Option 1 but may not be able to have the same localist approach if it were in fact different.
- 4.3 Option 3 - To revert to a non-collaborative approach as under the previous system would not meet the requirements for an open and transparent award process that allows high quality provision and at the same time rationalises non front line costs.

5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 Costs associated with the process will be minimal and will be covered within the Stronger Communities Team's budget.
- 5.2 The Head of Stronger Communities will oversee the process. Further advice will be provided by colleagues within the Procurement Unit and Legal Services (Commercial Practice).
- 5.3 It is envisaged that through greater collaborative working within the VCS there will be a rationalisation of 'back office' support and buildings occupancy.
- 5.4 There are no IT implications.

6 OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 In accordance with Council requirements a comprehensive Integrated Impact Assessment has been undertaken the contents of which have been imparted into this report.

7 OUTCOMES OF CONSULTATION

- 7.1 Consultation with the VCS on revised funding arrangements has been undertaken as detailed in this report together with consultation with officers that work with the VCS.
- 7.2 The Council's Procurement and Legal Teams' professional advice is that their preferred option is Option 1.

8 RECOMMENDATIONS

- 8.1 That the Cabinet Member notes the outcome of the consultation exercise with the VCS;

- 8.2 The Cabinet Member approves the implementation of revised VCS funding arrangements based on the 'custodian model' to administer the distribution of two funding streams covering Infrastructure and Delivery pursuant to Option1;
- 8.3 The Cabinet Member approves appendix 3 as a way of allowing the Council to measure the impact of its investment in the VCS and focus resources in a way that eradicate duplication of service and allow for a more appropriate use of council owned properties
- 8.4 The Cabinet Member works with Officers to procure, in accordance with established policies, the appointment of suitable custodian organisation/s based on the specification in Appendix 3; and
- 8.5 That the Cabinet Member receives further reports on the progress of the matters detailed herein as appropriate.

DIRECTOR OF CORPORATE & COMMUNITY SERVICES

Civic Centre, Ashby Road
Scunthorpe, North Lincolnshire
DN16 1AB

Author: Dave Hey
Date: Friday, 16 March 2012

Background Papers used in the preparation of this report:

Summary of the council's responsibilities re the Localism Act 2012 – R Johnson

Summary of the council's responsibilities re the Public Services (Social Value) Act 2012 – R Credland

Appendix 1 – Summary of comments from the VCS organisations

- While most of the organisations would prefer that the funding regime remained as it was there was a recognition that issues around reporting and duplication of services needed to be addressed;
- Funding within the organisations is so complex and intertwined that any reduction in funding could affect the organisations ability to provide continuity of service or, in some cases, exist;
- The present uncertainty of who will receive funds could affect bids that are currently being assessed by external funders;
- There could individual constitutional issues which could make a collaborative approach difficult;
- Some organisations see the proposals as an opportunity to further develop their service delivery;
- The expertise and individual ways of working within the organisations need to be drawn together to ensure a more effective way of working; and
- There could be a need for additional support for the organisations to allow them to address inter organisational issues that may hinder a collaborative approach.

Appendix 2 –

The Council should invite applications for a custodian organisation to facilitate the design and delivery of services and the distribution of one or both of the two funds on their behalf. The two funding streams will be divided into two:

- The design and delivery of the provision in line with the aims and objectives of the Council (evaluated by the Council); and
- Distribution of funds to deliver appropriate services (evaluated by the Custodian organisation).

The Council would act as the bank. It would pay the organisation or organisations to administer the process and then develop an arrangement, based on tried and tested methods that VCS organisations are likely to have used previously, so that stage payments would be released, in advance, based on the custodian organisations assessment of how they would distribute the funds.

To maximise the benefit of all of the funding that the Council provides to the VCS through the SCT the funding allocated to:

- Support the Multi Faith Partnership and Volunteer Centre should be included in the amount allocated for the support and development of the VCS; and
- Provide immigration and employment law advice should be included in the amount allocated to provide advice and guidance to community members.

The timeline for the process up until commencement would be as follows:

	Apr	May	Jun	Jul	Aug	Sep	Oct
Council support to Organisations							
Soft Market Testing							
VCS Organisations develop collaborative approach							
Creation of Invitation to Tender document							
Application stage							
Further development work by Applicants							
Evaluation & Approval							
Award of funding including any appeals							
Development work by Custodian Organisation(s)							
Commencement							

The above timeline would lead to the successful custodian organisation or organisations being appointed in mid July. Applicants will be asked to provide an action plan of how they will commence the delivery of services on the 1 October 2012.

Appendix 3 – Outline of Council's needs

To develop the social, environmental and economic well being of the area North Lincolnshire Council (NLC) is keen to utilise the opportunities afforded by Central Government policies and recent legislation, such as the Localism Act 2011 and Public Sector (Social Value) Act 2012 to help communities to help themselves through the Voluntary and Community Sector (VCS).

In addition NLC has adopted a one council; putting our customers first approach. NLC will become dynamic, high performing and customer focussed council giving the best possible value for money and changing outcomes for all people living and working in the area. Its main objectives are:

- Excellence in customer service;
- Provide value for taxpayers money;
- Make our communities stronger; and
- Regenerate our area and increase prosperity.

To this end NLC is seeking tenders from VCS organisations to become a custodian organisation that will manage one or both of the following strands of work:

- The support and development of the VCS (Infrastructure); and
- The provision of advice and guidance to local residents (Delivery).

Custodian organisations will be responsible for:

- Assessing local need re the two strands;
- Utilising the resources available to meet the identified need and meet the outcomes specified by the council;
- Making recommendations to the council on which VCS organisations to fund for specific pieces of work;
- Overseeing the development of collaborative approaches to the delivery of services within the VCS;
- Ensuring that the impact of the resources available are maximised by utilising the funding as match for additional external funding;
- Ensuring work is carried out and completing performance management functions; and
- Identifying services within mainstream agencies that the VCS could deliver and supporting and/or leading challenges under the Localism Act 2011.

The Custodian organisation will assist the council to meet outcomes relating to the one council approach, subject to an annual and incremental review.

The relevant Custodian organisation will utilise the available resources to:

- Provide a comprehensive high quality advice and guidance service that maximises the benefit to local residents by:
 - Carrying out an assessment of the barriers faced by residents in accessing appropriate advice and guidance by 1 January 2013;
 - Developing systems and ways of working to reduce those barriers by 31 March 2013 and eradicate them by 31 March 2014;
 - Introducing a system to ensure that frontline staff, including council staff, can signpost residents to appropriate advice and guidance by 31 March 2013;
 - Increasing the percentage of advice and guidance interventions carried out via the internet and/or the telephone to reduce the need for residents to travel for advice by 15% by 31 March 2013 and 5% every year after;
 - Introducing systems to gauge customer satisfaction levels by 31 December 2012;

- Introducing new ways of working to improve customer satisfaction levels in line with council customer satisfaction targets by 31 March 2015;
 - Rationalising the number of council provided premises used as bases for advice and guidance provision to one per neighbourhood by 31 March 2013;
 - Rationalising the number of council supported organisations providing general advice and guidance sessions to one per neighbourhood by 31 March 2013;
 - Ensuring that all paid and voluntary staff providing advice and guidance have a recognised and appropriate training and/or qualification by 31 March 2013; and
 - Ensuring that all VCS organisations providing services to the council achieve a recognised quality standard by 31 March 2015.
- Provide a comprehensive high quality and relevant support and development opportunities to existing and new VCS groups by:
 - Providing clear and timely advice and guidance to new VCS groups that assists the groups to achieve their aims and objectives;
 - Delivering a series of programmes that develop existing VCS groups appropriately;
 - Ensuring VCS groups are made aware of opportunities and challenges relevant to them;
 - Introducing systems to gauge customer satisfaction levels by 31 December 2012 and introduce new ways of working to improve customer satisfaction levels in line with council customer satisfaction targets by 31 March 2015;
 - Introducing a programme to support VCS organisations wishing to carry out a right to challenge as per the Localism Act 2011 by 31 December 2012;
 - Introducing a programme to assist the community to identify community assets by 31 December 2012;
 - Introducing a programme to assist the community to take responsibility for the management and/or ownership of community assets by 31 March 2013.
 - Providing practical support to groups that encourage understanding between communities;
 - Introduce a North Lincolnshire project similar to the National Citizens Service to promote understanding amongst young people by March 2014;
 - Creating a baseline of the number of VCS organisations within North Lincolnshire achieving recognised quality standards by 30 November 2012 and increase that number by 5% March 2014 with an annual 3% increase thereafter;
 - Creating a baseline of the number of people registered as volunteers by 30 November 2012 and increase that number by 10% March 2014 with an annual 3% increase thereafter;
 - Creating a baseline of the number of awareness raising events that create a better understanding of the different communities within North Lincolnshire by 30 November 2012 and increase that number by 10% March 2014 with an annual 3% increase thereafter;
 - Creating a baseline of the number of social enterprises and employee owned cooperatives within North Lincolnshire by 30 November 2012 and increase that number by 10% March 2014 with an annual 3% increase thereafter;