

**3 April, 2014**

**Review of support by Walsall Council to the Voluntary and Community Sector**

**Ward(s)** All

**Portfolios:** Cllr Ian Shires, Community Engagement & Voluntary Sector

**Executive Summary:**

This report provides an overview of a project conducted by Improvement and Efficiency West Midlands Associates Chris Allen and Bernie Wilde that reviewed support provided by Walsall Council to the Voluntary and Community Sector (VCS). This work has taken place during 2013/14. The report provides key findings and the Community Services and Environment Scrutiny and Performance Panel are invited to provide their views prior to consideration at Cabinet Executive scheduled for 30<sup>th</sup> April, 2014.

**Reason for scrutiny:**

This report is provided to enable the Community Services and Environment Scrutiny and Performance Panel to feedback their views on the recent review of the support provided by Walsall Council to the Voluntary and Community Sector, prior to consideration at Cabinet Executive.

**Recommendations:**

That the panel provide feedback on the review of the support provided by Walsall Council to the Voluntary and Community Sector, to assist the Cabinet Executive in their considerations of the recommendations provided by the review.

**Resource and legal considerations:**

The review of the support provided by Walsall Council to the Voluntary and Community Sector cost £13,000 (exclusive of vat). This was provided for through Central Contingency funding.

In alignment with the Councils procurement processes Chris Allen and Bernie Wilde were appointed as independent advisors from the Councils framework of consultants - Improvement & Efficiency West Midlands (IEWM). The Councils procurement department also participated in the recruitment process and the development of a formal contract. The outcome of this work is presented through this report.

Should the recommendations from the review be accepted, the Council's Legal Services Department will need to be engaged in supporting any transition to

commissioned services. Appropriate resources to accommodate the recommendations will need to be made available, noting that Cabinet Executive on 19<sup>th</sup> March, 2014 agreed to provide the central VCS infrastructure organisation, Walsall Voluntary Action with an additional £100,000 to their existing funding of £68,795.

There are no initial implications for people by conducting the review, however any implications for Council personnel will be dealt with through the Council's usual HR policies and procedures where relevant and upon adoption of any final recommendations.

It is worth noting from a property perspective, that the Council's Asset Management Team is undertaking a review of Council Assets. The findings from this review of VCS support have been made available to them.

**Citizen impact:**

The recommendations in the review directly relate to support to the Voluntary and Community Sector provided by Walsall Council. The Voluntary and Community Sector is clearly closely aligned to the citizen and therefore the Council needs to be mindful of the impact of any changes.

**Environmental impact:**

There is no targeted impact on the environment to bring to Members attention through this report. However, it is noted that there are VCS organisations that have an environmental focus.

**Performance management:**

Support to the Voluntary and Community Sector is targeted towards the Council's priorities. It is proposed that this will continue.

**Equality Implications:**


In taking forward any recommendations from the review an Equality Impact Needs Assessment will be conducted as appropriate.

**Consultation:**

The review was conducted through consultation with key stakeholder groups including importantly representation from the third sector, for example Community Associations, Walsall Voluntary Action etc. The findings from the review have been presented to the Walsall Voluntary and Community Sector Strategic Leaders Forum on 27<sup>th</sup> February, 2014 and at a VCS stakeholder event on 19<sup>th</sup> March, 2014.

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## 1. Report

1.1 Improvement and Efficiency West Midlands Associates conducted a review of support Walsall Council provides to the Voluntary and Community Sector during summer, 2013. The scope of this work was to:-

- Determine the framework and criteria for the allocation of support to the voluntary and community sector organisations (whether cash, premises or in kind);
- Determine a model to assess the impact and contribution of the voluntary and community sector towards the agreed priorities of the Council and its partners, and the effectiveness of services they provide;
- Provide a recommendation on the resources (staffing levels, etc) required to support the model.

1.2 Appendix 1 of this report provides the full details of the work undertaken, with associated findings and recommendations. An Executive Summary is also included.

1.3 The following key points have been made:-

- (a) Walsall Council contributes in the region of over £9 Million to the Voluntary and Community Sector. However, over 34% of this is "in kind", 11% is from external sources and a further 34% is distributed via commissioned service agreements, leaving 12% (c.£1.1 Million) of cash support via delegated grants (this includes money provided to Community associations, the Citizens Advice Bureau, Walsall Voluntary Action etc)
- (b) Critical to a strong VCS is a recognised and vibrant lead sector organisation. The lead organisation in Walsall is Walsall Voluntary Action who when compared to arrangements that their counter parts have with neighbouring authorities appear to be funded at a lower level than their immediate peers.
- (c) There is a need to achieve greater collaboration between sectors in order for the Council's devolution agenda to be fully successful.
- (d) There is a level of suspicion between the VCS and the Council with questions around how Council decisions are made with respect to funding the third sector.
- (e) A framework to enable a change in direction is suggested based on:-
  - **Taking a strategic approach to local commissioning** providing greater accountability and clarity on how Council monies are directed to third sector activity.
  - **An appropriately resourced lead organisation** that will be able to exponentially increase funding into the sector/Walsall.

- **A new, mutually agreed Compact** for future working, enabling transparency and the development of strong working relationships around common outcomes within Walsall Council's vision for the Borough.
- **A redesign of the Council's Community Development** service towards a model that supports a commissioning process, with appropriately resourced staffing and leadership that enables support and facilitation as well as challenge to the sector, whilst ensuring delivery against the requirements of the localism agenda.
- **The development of an enhanced information management system** that enables access to accurate data to map current activity and resourcing, and supports external funding opportunities.
- **Support for the Walsall's localism (devolution) approach** through increased involvement of people in decision making in their own communities, facilitated by VCS organisations.

1.4 The recommendations of the review are provided on page 41 of the IEWM Associates report. Key recommendations are:-

#### Strategic Approach to Commissioning

- (a) Revise the Council's commissioning cycle and ensure a whole Council approach is employed by each directorate.
- (b) Further consider the Council's position on funding to the sector through grants and establish consensus on whether to continue with present grant arrangements or move to a strategic commissioning approach with the support of the Council's procurement team.

It may be that Cabinet and the Corporate Management Team consider an approach which pursues strategic commissioning from VCS organisations that directly provide a service to the community, but continuing, at least for the time being, separate arrangements for building capacity in the sector by providing grants to a lead VCS infrastructure organisation.

#### Supporting a Lead VCS Organisation

- (c) Identify an appropriate level of core funding over a three year period which will enable the necessary financial stability to attract in external funding.

### Compact

- (d) Develop a compact to agree shared principles and values to promote the key themes of better working, relationships, engaging the sector in service delivery, encouraging volunteerism and civic participation.

### Re-design of the Community Development Service

- (e) Review the capacity, roles and job descriptions relating to the service provided by the Community Development team, ensuring delivery against future demand including the requirements of the localism agenda (in particular the Assets of Community Value Regulations).

### Devolution

- (f) Harness VCS involvement and commitment in key activities eg Area Panels, Area Plans, Community Hubs etc.

### Information Management

- (g) Review the design of management information systems to ensure they are "fit for purpose" to enable shared knowledge across the Council of all relationships (commissioned and grant provision) with the third sector.

### Volunteerism

- (h) Develop a Volunteers Charter to encourage greater volunteerism and civic participation.

### Development Frameworks

- (i) Utilise "development frameworks" to support self assessment work in order to track the return on investment to the third sector and ensure activities are aligned to key plans and objectives.

### Improvement and efficiency West Midlands (IEWM)

- (j) Draw up specification/scope for accessing matched funding to support the implementation of recommendations.

1.5 The next steps are to take the findings from the review and any feedback to Cabinet Executive on 30<sup>th</sup> April, 2014.

**Walsall MBC**

**Support to the Voluntary & Community Sector  
in Walsall**

**Final**

**by IEWM Associates  
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## Executive Summary

- 1.1 This review concentrates on support provided to the Voluntary and Community Sector in Walsall. In recognising the important role the sector provides in meeting the priorities in the Walsall Plan 2013-16, this study acknowledges the diversity of potential Voluntary and Community sector provision, from large national organisations to grass routes community groups. It would be for Walsall MBC to decide where and how VCS support might be delivered from a Council perspective, utilising as appropriate the findings of this review, whilst ensuring a fair and equitable playing field within the market place.
- 1.2 According to provided information, Walsall MBC is supporting the Voluntary and Community Sector (VCS) to the tune of over £9m per year. However, 34% of this is 'in kind' and a further 11% is from external funding sources. A further 43% is distributed via commissioned service agreements, leaving 12% (c. £1.1m) of cash support via delegated grants (this includes money provided to community associations, the citizens Advice Bureau, Walsall Voluntary Action etc). This is the funding that has greatest flexibility for future use.
- 1.3 Walsall's localism agenda, as defined within its devolution strategy, is a significant policy development placing community engagement, involvement and decision-making at its heart. This can only be achieved through sectors working in collaboration.
- 1.4 It was evident during the review that there is a historic suspicion and lack of trust between WMBC and the VCS, and a perception that funding is heavily influenced by political rather than strategic decision-making. Competition between VCS organisations has also restricted the sector's development and contribution. However, our recent experience would indicate that there is a great potential for change regarding these long held outlooks, perhaps driven by the necessities for collaboration in such austere times where evidence would indicate that Walsall is shouldering more than its fair share of cuts.
- 1.5 Lessons from elsewhere would indicate that critical to a strong VCS is a recognised and vibrant lead sector organisation. The lead organisation in Walsall (Walsall Voluntary Action) has been funded at a significantly lower level when compared to equivalent authority areas. This has meant that the lead organisation has lacked capacity to support fundraising in the sector, develop volunteerism and be able to demonstrate to a robust financial position that would give confidence with regard to its future.
- 1.6 The approach we have taken has sought to be holistic, gathering views from all angles via interviews and a significantly attended stakeholder event. Accordingly our recommendations are not built around "rearranging the deckchairs" in these difficult and threatening times, but through a framework that will enable a change of direction. We have included nine case studies, five development mechanisms and referenced further good practice examples within our report as the basis for our rationale.
- 1.7 The new direction would be characterised by
  - A strategic approach to local commissioning, learning from internal success, that distinguishes between buying a service, supporting causes and building capacity.
  - An appropriately resourced lead organisation that will be able to exponentially increase funding into the sector, develop volunteerism and facilitate the relationship between VCS organisations and public sector bodies at a local level.
  - A new, mutually agreed Compact for future working, enabling transparency and the development of strong working relationships around common outcomes within WMBC's corporate vision for the borough.

- A redefining of the roles of WMBC's Voluntary sector staff from monitoring towards that of support and facilitation as well as challenge.
- Undergirding this is the need for enhanced information systems that enable access to accurate data to map current activity and resourcing, and supports external funding opportunities.
- Supporting Walsall's localism approach through increased involvement of people in decision-making in their own communities, facilitated by VCS organisations.

1.8 We are also proposing that Improvement and Efficiency West Midlands is approached to support the facilitation and embedding of this new direction.



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## Introduction

2.1 In the light of Walsall Plan, which is the borough's sustainable community strategy, and in the context of high pressure financial public purse demands, Walsall MBC appointed consultancy support to review the effectiveness of the provision of financial and other council support to the voluntary and community sector (VCS). Walsall Council is committed to supporting the VCS in order to provide effective services to Walsall people that will focus on the priorities of the Walsall Plan. The ambitions and aspirations are available in full from <http://www.walsallpartnership.org.uk/wp-content/uploads/2013/05/Walsall-SCS-Final-No-Draft-April-2013.pdf>.

- Supporting business to thrive and supporting local people into work
- Improving Health including well being and independence for older people
- Creating Safe, Sustainable and Inclusive Communities
- Improving Life Chances for Children and Young People

2.2 Chris Allen and Bernie Wilde were appointed via the Improvement and Efficiency West Midlands. Chris Allen acted as the project manager and acted as the main point of contact for the duration of this contract. A WMBC steering group was assembled consisting of Cllr Ian Shires (Portfolio holder community engagement and voluntary sector), Jamie Morris (Executive Director Neighbourhood Services), John Leach (Head of Communities and Projects) and Jay Patel (Interim Voluntary & Community Sector Officer). The consultants worked to a defined Project Implementation Plan, with timescales and expectations, which is attached as **Appendix 1** to this report.

2.3 The consultancy support delivered was designed to develop proposals to:

- Determine the framework and criteria for the allocation of support to VCS organisations (whether cash, premises or in kind);
- In the light of the above determine a model to assess the impact and contribution of the VCS towards the agreed priorities of the council and its partners, and the effectiveness of services they provide.
- Provide a recommendation on the resources (staffing levels etc) required to support the model.
- Consider the *resource implications* of a new model of working with the Community and Voluntary Sector

2.4 Historically, the voluntary and community sector infrastructure in Walsall has been "characterised as being weak"<sup>1</sup>. This 2006 independent report also went on to observe "These weaknesses are exacerbated by a more fundamental problem: the absence of trust and co-ordination within the sector and between the sector and statutory partners. Any attempt to address weaknesses in VCS infrastructure will be unsuccessful without also attending to relationships between key players"<sup>2</sup>. The report also went on to highlight that "insecurity of funding is a contributory factor"<sup>3</sup> within a complex situation.

2.5 Although there is no evidence that the low point in relationships at that time is still present, our interviews and the stakeholder event highlighted on going mistrust and sometimes cynicism. The issue relating to security over infrastructure funding certainly remains a significant factor. We would also observe that rather than a recent phenomenon, a lack of confidence between the Council and the VCS is somewhat

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<sup>1</sup> 'The Voluntary and Community Sector in Walsall – Scoping and next steps'. Page 1. Ed Cox, Neighbourhood Renewal Adviser, January 2006.

<sup>2</sup> Ibid

<sup>3</sup> Ibid page 2

embedded. Attributing difficulties to recent events, circumstances or personnel is misleading and could distract from the potential development opportunities at this time.

- 2.6 Our approach, as detailed below, has sought to be holistic, gathering insights from all angles, with a view to develop working relationships as a fundamental aspect of partnership working and also to identify how scarce resources are best used.
- 2.7 We would like to thank all of the elected members, officers, volunteers and VCS staff who worked with us on this project, for giving us their time and insights. A list of interviewees and participants is attached as **Appendix 2**. We would also like to thank all those attending the half-day stakeholder workshop on July 17<sup>th</sup> 2013, and contributing so positively. A report on the event is available separately and can be downloaded from <http://www.compass.uk.net/CCP/Links.html> or obtained by emailing [chris.allen@compass.uk.net](mailto:chris.allen@compass.uk.net).

## Project Plan & Methodology

### 3.1 The service deliverables for this assignment were outlined as

- To review the effectiveness of the provision of financial and other Council support to the voluntary and community sector, and to develop proposal to:
  - Determine the framework and criteria for the allocation of support to the voluntary and community sector organisations (whether cash, premises or in kind);
  - Determine a model to assess the impact and contribution of the voluntary and community sector towards the agreed priorities of the Council and its partners, and the effectiveness of services they provide;
  - Provide a recommendation on the resources (staffing levels, etc) required to support the model.
- The consultant shall
  - Engage with key stakeholders including the representatives of the voluntary and community sector, elected members, council staff (including members of the Council's Corporate Management Team and partners);
  - Identify and evidence best practice in partnership working between councils and the voluntary and community sector focusing on the use of the available financial etc including property;
  - Deliver against the proposed approach, methodology, project plan as identified within the submitted Expression of Interest.
- Key deliverables
  - A proposal for the framework and criteria for allocation of support to the voluntary and community sector
  - A model to assess the impact and contribution of the voluntary and community sector towards the agreed priorities of the Council and its partners, and the effectiveness of services they provide
  - Determine options and present them to the Executive Director for Neighbourhoods and agree method of presentation to Cabinet and other key stakeholders.

### 3.2 Our approach (as identified in our Expression of Interest) was based around:

- *Engagement with key stakeholders* including the representatives of the voluntary and community sector, elected members (including cabinet), council staff (including members of the Council's Corporate Management Team) and partners.
- *Identifying and evidence local effective best practice* in partnership working between councils and the voluntary and community sector focussing on the use of available resources, financial etc including property
- *Determining options for new ways of working and a new arrangement with the Voluntary sector* and present them to the Executive Director for Neighbourhoods and agree method of presentation to Cabinet and other key stakeholders.
- *Developing a Framework* that is built on consensus and common understanding about delivery requirements and joint expectations

### 3.3 We used a range of quantitative and qualitative techniques to review your success and provide an evidence base for any necessary changes and re-configuration to your developing approach. This included one to one interviews, evidence gleaned from VCS organisations, focus groups, joint stakeholder event, a drop in for VCS organisations and partnership linked consultation.

3.4 We used a tried and tested methodology -**Appreciative Inquiry (AI)** - that focuses on taking a holistic view of the service from a positive, or asset based, perspective. Our belief is that services are best designed by gathering insights from all perspectives, and that services are best built on a strength-based model (an appreciative approach) rather than a deficit model (a needs based approach). AI is a well-established methodology used in all sectors to enable a 360 degree view and involvement of all partners in this aspect of your community budget.

3.5 The value of AI is a holistic approach is directly proportionate to those involved across all the partner organisations and your clients. A useful mnemonic as a guide is to make sure all key people ARE IN the dialogue – reflected across all interactions (a ‘single conversation’). Different people contribute at a range of levels – but the outline below helps identify how critical it is to cover the range of contributions.

**A** Authority – those who can enable change  
**R** Resources – those who can provide the means for delivery  
**E** Expertise – those with the real insights into what works

**I** Information – those who can enable an evidenced based approach  
**N** Need – those on the receiving end of services to provide insight and focus – your clients.

3.6 Information from the stakeholder workshop is incorporated into this report.

## National and Local Policy Context

### Localism

- 4.1 The Government is striving to remove barriers, in order to enable and support more open and efficient local public services by freeing local authorities from targets, prescription and duties. Their aim is to try to encourage public agencies and civil society to collaborate more, including greater involvement for voluntary and community organisations as well as small businesses in the running of public services. The Government views the civil society as a key partner in delivering its planned reforms in public service delivery, providing an informed and responsive view across a range of issues.
- 4.2 The Coalition Government renewed its *National Compact* with Civil Society Organisations (CSO's) in 2010, seeing the 3<sup>rd</sup> Sector as pivotal to the delivery of some of its ambitions on devolution and localism. Local areas are encouraged to follow the principles set out in the Compact for working with the VCS to build empowered and sustainable communities.

*“At the heart of the Coalition Government’s vision of the Big Society is the drive to give people more power and control over their lives and their communities, to reform public services and to champion social action over state control and top-down Government-set targets. The role of the Government is to enable this cultural change by shifting power away from the centre, increasing transparency and building capability. It believes that strong and independent CSOs are central to this vision through their role in encouraging social action and campaigning for social change, through playing a bigger role.”*

**Source: The Compact, HM Government, December 2010**

### The increase in Community Rights and Practice

- 4.3 Expectations and opportunities to CVS in Walsall and other areas can also be found in the increasing number of community rights and practices, including:
- Community Right to Bid
  - Community Right to Build
  - Community Right to Challenge
  - Neighbourhood Planning
  - The increase of asset transfer to local community groups to enable sustained delivery via local enterprise models.
  - New thinking around support of the community and voluntary sector using a social investment model rather than a grant support model
  - The recognised need for supporting community microfinance initiatives to keep money local ('sticky money') and develop local enterprise.

### National Economic Realities

- 4.4 The *LGA's Funding Outlook Report* states that by 2020 there will be a £16.5 billion gap between predicted funding and the cost of providing services at current levels. Faced with these mounting pressures, all Councils' and VCS organisations must continue to find innovative ways of working together on behalf of local people. Key groups placing a demand on services will be children and young people, adults and socially excluded communities. (Social Care and Children's services are already the 2<sup>nd</sup> and 3<sup>rd</sup> highest spending services in Walsall).

- 4.5 Nationally for the Voluntary Sector the picture is challenging “*Net public expenditure in 2017/18 will be £13.5 billion lower than it was in 2010/11 (using 2010/11 prices). Assuming that the VCS experiences proportionate cuts, funding for the sector will be £1.7 billion lower by 2017/18 than it was in 2010/11 (using 2010/11 prices)*”.

**Source: *Counting the Cuts, The impact of spending cuts on the UK voluntary and community sector - 2013 update NCVO May 2013***

- 4.6 Nonetheless, the Government continues to see the value of the importance of the VCS in delivering a localism agenda. The Department of Communities and Local Government published guidance in September 2011 in *response* to reports of disproportionate cuts being made to the voluntary sector. The Guidance sets out expectations of public authorities to:

- “*Be responsive to the benefits and needs of voluntary and community sector organisations of all sizes*”; and
- “*Seek to avoid passing on disproportionate reductions - by not passing on larger reductions to the voluntary and community sector and small businesses as a whole, than they take on themselves*”.
- “*Local councils have been freed from excessive and prescriptive guidance and duties in return for a ‘social responsibility’ deal which asks that they continue to give support to local voluntary and community groups and small businesses\**”

**Source: *Best Value Statutory, DCLG Guidance September 2011***

## **Local Economic Realities**

- 4.7 As part of its ‘Value for Money’ Budget, Walsall Council has, since 2010, cut £44 million from the Walsall Council budget. Initial estimates were that £13.9 million savings were to be found from the next financial year and £14.5 million in the following year.
- 4.8 This is a continuously moving figure - in light of changing national and local priorities - and estimates are that £100m will need to be found in budget reductions over the next 5 years. Clearly this will have an impact in what grant funding and commissioned services can be given to the VCS in the locality.
- 4.9 According to SIGOMA (Special Interest Group of 45 Local Authorities – outside London – within the LGA). Walsall is one of a number of municipal authorities that
- *started off from a position of disadvantage;*
  - *have borne a disproportionate burden of cuts under the spending review;*
  - *carry the greatest risk of highest cuts in the future.*
- 4.10 It is estimated that the resource gap will impact disproportionately on Walsall residents due to the New Homes Bonus, Health Funding Distance from Target, the Business Rates Retention Formula, Welfare Reform and other changes. This will mean that in 2017-18 the impact on Walsall residents will be a loss of £572 per head compared nationally with a loss of £421 per head.

**Source: *A Fair Future? The true impact of funding reductions on local government (SIGOMA 2013)***

## The Walsall Devolution Strategy

- 5.1 A further contextual factor regarding support to the Voluntary and Community Vector in Walsall is the *Seven Proposals for Devolution* within the Portfolio responsible for Community Engagement and Voluntary Sector. Although it is not central to the scope of this report and not the purpose of this report to review or evaluate your emerging steps towards devolution, it is appropriate to reference the strategy and how the strengthening of the CVS could enhance its development.
- 5.2 The seven proposals, which were approved in a report to Council on 22<sup>nd</sup> May 2013, are
- i. Devolution of Budgets/Resources and Participatory Budgeting
  - ii. Greater alignment of teams to strengthen further the development of “Area Partnership Delivery Plans” within “The Walsall Plan”.
  - iii. Strengthening local accountability and support to scrutiny through Area Partnerships.
  - iv. Community Hubs.
  - v. The introduction of Local Area Co-ordinators.
  - vi. Pilot work to enhance the role of the Voluntary and Community Sector.
  - vii. Support for attracting funding for key local initiatives.
- 5.3 It is apparent that a cross sector collaborative approach will be essential to impact significantly on the Council’s Corporate Plan vision for Walsall as a great place to live, work and invest, where...
- people get on well with one another
  - people can get around easily and safely
  - people support and look after one another
  - there are more and better jobs for local people
  - people can live an independent and healthy life
  - there are a wide range of facilities for people to use and enjoy
  - people consider the impact of what we do now on future generations
  - high quality and distinctive designs of buildings and spaces exist
  - growing up is as good as it can be and young people fulfil their potential
  - people are our strength and have the skills and attitude required by employers
  - everyone has the chance to live in a home fit for their purpose and fit for the future
  - people feel proud to live.
- 5.4 A programme of work is beginning to support a range of local development and engagements eg Participatory Budget, devolution through area partnerships, Community Hubs, Local Area Co-ordination and support for attracting external funding for local initiatives. As we examine below within our financial analysis, step seven is directly linked to the capacity within the sector, especially within the lead agency, Walsall Voluntary Action.
- 5.5 The sixth step – pilot work to enhance the role of the VCS will be through 3 key strands of work:
- Future pilots in Willenhall, Darlaston and Streetly to build capacity from within the sector itself.
  - Work to develop central infrastructure support working with Walsall Voluntary Action, and an emerging ‘hub and spoke’ model.
  - Work to determine a framework for allocation of support to VCS and resources required to deliver a new model.



- 5.6 Local enhanced decision making can help to determine what local issues should be prioritised, and attract and engage local residents in delivering local solutions. This engagement and sense of ownership will also support a direction of travel away from dependency on public authorities for that which local people can do for themselves. This, in turn, will help set the priorities for future VCS support.
- 5.7 The seven steps represent a new direction for Walsall and how it will deliver better outcomes for local people. The Council will need the VCS to understand and help to scope and deliver some of its ambitions. Local engagement will be a key component towards implementation and delivery of key strand of the new direction (such as area plans, hub activity, area co-ordination, etc). A strong, collaborative partnership culture with VCS partners will be critical. Identifying what mechanisms are used to do this (and with whom) should form part of the delivery implementation.
- 5.8 Early evaluation of each of the devolutionary steps will enable an understanding of how improvement is being driven. Already we can point to potential areas for improvement, for example ensuring that local area planning is aligned with clear objectives that will aid the Council's Corporate vision.
- 5.9 The seven steps and the devolution agenda was explained and promoted to the representatives of the sector by portfolio holder, Cllr Shires to all of those who attended the stakeholder event on the 17<sup>th</sup> July 2013. This emerging approach was broadly welcomed, and it appears to be mutually understood that its success depends on the involvement of the VCS in the design and implementation of area plans, participatory budgeting etc.
- 5.10 A key initiative that shows early signs of success and local community participation in service feedback and design are in the emerging Community Hubs in Moxley and Ryecroft. For example, in Moxley £6,000 of funding resources has been allocated to re-introduce a chiropodist service to the local area, based on local GP service feedback data and anecdotal data. Whilst it appears that the Moxley model is at a more advanced stage, further development may be needed around Governance arrangements, setting local objectives and plans, and community involvement in the decision making process, nonetheless, advances towards local decision making are evident. An early evaluation of the Community Hubs initiative would be able to assess its early successes and challenges, and also to develop good practice around community involvement.

### **Big Local**

- 5.11 Also complementary to the Devolution Agenda are the Big Local awards to the communities of Mossley and Palfrey. These awards amount to a minimum of £1,020,000 per area over a 10-15 year period and require a resident led local governing partnership to develop and deliver a local community plan in order to access the awards.
- 5.12 The awards were made to these communities based on two principle criteria. Firstly, there was evidence of disadvantage, and secondly the areas had missed out on previous lottery funding. The lack of deadlines enables scope for wide community engagement, which needs to be demonstrated.
- 5.13 Capacity Building lies at the heart of the programme, which will have significance for the overall support to the VCS in Walsall. Key elements will be grants, programme support (including access to further funding) and Social Investment (working with a Credit Union or Community Development Financial Institution) to tackle issues such as personal debt, social enterprise development and small business growth. The funding has the flexibility to be loaned, enabling its reuse over many years.

5.14 Directly relevant to the analysis of the VCS in Walsall has been the requirement for an accountable body (known within the programme as a Local Trusted Organisation). In other Big Local areas (eg Dudley), the umbrella VCS organisation has taken on that role. However at the announcement of the funding for Mossley in February 2012, Walsall Voluntary Action (WVA) was not seen as having the capacity to fulfil that role, and also would not have been able to demonstrate the required financial security. However, given the length of the programme, there is potential for WVA to play a significant role in the future, which could have wider capacity support impact than just the designated areas.

## Financial Analysis

### Walsall MBC support to the VCS

6.1 It was soon apparent from early consultation that there was a lack of clarity with regard to the financial support being received by the VCS across a wide range of partners. It was requisite to gain an understanding of the current position in order to inform future recommendations. This section is based on supplied information across the five directorates for the year 2012-2013 (see table 1 below). However, it is also clear that this mechanism for capturing support needs further development in order to enable a more sophisticated interrogation (for example being able to capture all support received by a single organisation).

- Children's Services
- Neighbourhoods
- Regeneration
- Resources
- Social Care

6.2 The analysis is broken down against the following criteria

- Cash Support (delegated mainstream grant funding)
- Cash support (commissioned funding)
- External and Government funding
- Rate relief (mandatory)
- Rate relief (discretionary)
- Notional market rent
- Accommodation and Property (room hire)
- Officer Time
- Transport
- Information and Communications Technology (ICT)

6.3 The type of cash support and the source of external funding is also identified, which is helpful in building up a picture of areas of strength regarding access to funding streams and capacity to access it.

6.4 Also significant now to the overall financial picture is the inclusion of Public Health funding that is being used to commission services within the Voluntary and Community Sector. It is not appropriate to include in the table below as the funding relates to the current financial year rather than 2012-13, but it does add in excess of £2.1m to the Cash Support Commissioned Funding column.

6.5 The support being received by the VCS could be summarised as:

- Grants £1.084m
- Commissioned £6.143m (including the £2.1m from Public Funding)
- In kind £0.325m
- External funding £2.09m<sup>4</sup>

6.6 Further apparent support that is relevant regarding future support is the appointment of a Funding Officer within WMBC, concentrating on major grant schemes and working collaboratively with Walsall VA. Further posts also excluded from the overall support

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<sup>4</sup> 77% of the external funding is attributed to the Working Neighbourhoods Fund, which ended in 2011, and locally ended in March 2013 via a grant agreement.

picture of those of the VCS officers within WMBC. However, their current roles would seem to be more geared to monitoring than support. These roles are discussed further below at 8.12.

6.7 As noted above, 77% of the identified external funding is attributed to the now redundant Working Neighbourhoods Fund. The ending of this funding stream will reduce extensively the support to people with regard to training and employment.

6.8 It would also seem that the provided analysis is unable to capture a 'Return on Investment' by WMBC in VCS organisations. For example, the Resources Directorate invests over £1.5m in the sector in kind via the provision of property and relief regarding Council Tax (both mandatory and discretionary), and yet a return on that investment cannot be analysed either in terms of external funding or in kind (volunteer hours, etc). This information may be available, but is not captured in one place.

6.9 WMBC's greatest current flexibility lies in the distribution of the Delegated and Mainstream Cash Grants (£1.08m), which is distributed across the directorates as follows

• Children's Services	£197k	18%
• Neighbourhoods	£718k	66%
• Regeneration	£7.5k	1%
• Resources	£0	0%
• Social Care	£162k	17% <sup>5</sup>

6.10 Given that the majority of the Social Care grant ended in September 2012, Children's Services and Neighbourhoods have the greatest flexibility in re-examining the rationale and distribution of grants supporting the Voluntary Community sector as a whole. The current balance of this type of grant distribution would seem to be based on an historical approach supporting local community associations as apposed to an approach that is able to take a borough wide perspective regarding the support of the sector. There has not been the scope within this assignment to investigate the value of the grants to local organisations, but what is apparent is the lack of investment in strategic level borough wide support compared to other comparable boroughs.

### **Walsall Voluntary Action**

6.11 The WVA Strategic Plan 2013-2015 (Action for Growth) was approved by the WVA Board in July 2013. This contains financial projections that indicate the need to access reserve funds and threaten core posts. This outlook demonstrates how the absence of appropriate core funding inhibits the organisation's ability to access further external funding, leading to a potential downward spiral in resources and services.

6.12 The realistic risk analysis indicates the precarious financial outlook, with the following as being seen as high (H) or medium (M) risk

- Loss of core funding and reserves from the financial year 2015/16 onwards (H)
- Unable to attract additional funding for VCS development work (H)
- Volunteer Centre does not gain sustainable funding (M)

6.13 Other provided information and interviews would indicate that current resources and capacity are being stretched to their limit in terms of use of funding and provision of support to the VCS.

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<sup>5</sup> However, 97% of the Social Care grant (to Caldmore Area Housing Ltd) ended in September 2012.

6.14 It is apparent that the level of core funding is significantly lower than in equivalent boroughs and that increasing the core grant to an appropriate level for a minimum of a three period would potentially open up new external funding streams that would bring investment into the borough and build the capacity of both WVA and the VCS as a whole. This is demonstrated by these two case studies.

#### **Case Study – Dudley Community Voluntary Services**

Dudley CVS is the lead infrastructure organisation for the VCS in Dudley. It is core funded by Dudley MBC for approximately £200,000 per annum plus further funding via specific agreements.

#### **Partnerships and Facilitating Dialogue**

Established in 1973, Dudley CVS has approximately 21 members of staff. A key aim of the organisation is to enhance the voluntary and community sector's role and influence in local planning and policy making. They do this by formally participating in existing structures, and by facilitating dialogue and practical support with statutory partners to ensure the sector has a voice. They do this in a variety of ways such as:

- Hosting annual meetings for the voluntary sector with the Council's Leader and Chief Executive
- CVS Chief Officer being elected Chair of the LSP (2011)
- Appointed CVS representative to Dudley Guest Hospital Foundation Trust Board
- Facilitating forums e.g. the Community Care Forum with the sector to identify key issues that people want to see CVS facilitate on their behalf
- Supporting the Council to develop micro services and promote personalised care
- Working with the Safeguarding Children's Board to develop training packages for the third sector
- Helping local people to respond to the new challenges of localised services
- Acting as accountable body and support organisation to the Big Local programme in East Coseley

#### **Supporting Health and Well Being**

Dudley CVS is actively involved and participants in the Health and Well Being Board, and hosts health network events in the community. From April 2013, Healthwatch Dudley is the independent consumer champion for health and social care in Dudley borough. Dudley CVS has been selected to deliver Healthwatch Dudley and will be listening to and learning from the experience of the diverse local communities and improving health and social care services for everyone. Healthwatch Dudley will work with volunteers and staff, local people and decision makers to influence and challenge how local services are delivered. A network of information hubs and hotspots are planned around the borough, providing information and help with how to make good health and social care choices.

#### **Capacity support, facilitation and training**

Dudley CVS was able to provide support to the Big Local programme in East Coseley prior to the receipt of funding from the programme itself due to its core grant from Dudley MBC. It was able to fulfil the role of 'accountable body' in terms of handling the programme funding, and also provide support to the local people in order to access the start up funding.

As a result of the core funding, local residents decided to match what was being given to them by buying in more support than would help them engage local people, develop their local vision and profile and ultimately their community plan. The resident led partnership group have now appointed DCVS to be their 'Local Trusted Organisation' for the 10 year programme and have identified approximately £200k for that support, with a key target to bring in more funding to match their spend.

### **Funding Support**

During the period April 1st 2012-March 31st 2013 Dudley CVS supported 21 organisations with 37 funding applications totalling £2,769,194. 19 organisations were successful (28 applications agreed) in receiving funding totalling £1,683,644.

### **Volunteering support**

Dudley CVS provides an extensive service that training and support to local projects. In a 12 month period handling over 600 enquiries and conducting over 600 interviews. They provide linkage to learning and development opportunities via local and national networks. They provide training events covering topics such as recruiting, legal advice, handbooks and frameworks and supporting volunteers as they move on.

### **Case Study - Sandwell Council of Voluntary Organisations**

SCVO is the lead infrastructure organisation for the VCS in Sandwell. It is core funded by Sandwell MBC via a service level agreement for approximately £215,000 per annum.

#### **External Funding Support**

Approximately one third of the services provided relate to funding support. As part of its spectrum of support is funding advice in order to increase income into sector. This is delivered via

- Direct Support: a hands on assessment that includes signposting to funding sources, support in application and also providing a bid writing service where needed.
- Indirect support: workshops that build capacity to enable access to funding
- Buddies: volunteer professionals who can support organisations across a spectrum of areas including fundraising.

The annual return averages between £1.6m - £1.8m external funding, but the sums for indirect support are difficult to capture and quantify, which means the real figure will be higher.

Analysis of the period **April to August 2103** (5 months) breaks down as

Funding applications:	48	
Successful:	37	
Pending:	9	
Fail:	2	
Total raised:	£1.436m	(£612k current financial year, £824k future years)

#### **Managing Change Funding**

SCVO is also managing a new funding stream to enable voluntary and community organisations to have access to expertise to help them respond to changes in the funding environment and new business opportunities by making changes to way they function. An aspect of this support is to strengthen organisations to be more fit for commissioning. Funding is available to support significant change activities within organisations including, but not limited to:

- changing your business model
- diversifying your services and your potential funding
- business planning for change
- developing new financial models
- legal matters (governance)
- practical issues relating to partnership working

If successful organisations can receive a grant of up to £4000, which will be used to purchase specialist support from a bank of consultants held by SCVO, although most grant awards are

less than this in order to support more organisations. Organisations can contribute their own resources to secure the right level of specialist support.

If successful at application stage, SCVO works with the organisation to identify the most suitable consultant from a list of specialists. Once a mutually agreed match is made will the project move forward.

As part of the package of support through this project, SCVO discusses the support needs with the project and where appropriate signposts to elements of their main capacity building offer.

- 6.15 Historical evidence would indicate that Walsall VA as the infrastructure organisation has not only been funded at a lower level than neighbouring boroughs, but that the grant funding has diminished both in terms of inflation and also as a percentage of the total grant funding to the VCS.
- 6.16 In 2005-2006 the grant to Walsall VA was £76,412, which was 17% of the grant funding towards the sector. In 2006-2007 this was reduced to £68,795 (15.5%) despite an application of £244,113. The figure has remained static to the current time, and now forms only 6% of the Borough's grant funding to the sector and 9.5% of the grant funding to the sector from the Neighbourhoods Directorate.
- 6.17 Walsall VA is required to demonstrate an external match to their annual grant of £69k, which they exceed (c £180k). This is funding that they have supported local VCS organisations to access in the form of small grants. Existing internal skills and best practice from elsewhere would indicate that increased capacity would have a significant return on any investment.
- 6.18 It is also appropriate to reflect that from the information provided, the Cash Grant investment from the Council has increased from approximately £440k to £1.1m over the past seven years, although we do not have the information to examine the rationale and strategy behind that increase - (<http://www2.walsall.gov.uk/CMISWebPublic/Binary.ashx?Document=3438>).
- 6.19 Evidence from neighbouring boroughs would indicate that investment in appropriate posts within an infrastructure organisation would realise a significant return on investment for the sector, and its capacity to be a delivery partner with regard to the borough's corporate aims.
- 6.20 Internally however, the Council has improved its staffing resources to attract external funding through the appointment of an external funding officer. As well as seeking external funding, the appointed officer is working collaboratively with Walsall VA in order to identify the best approach for specific funding streams and eliminate duplication. We are grateful to have been circulated the version 3 of the External Funding Strategy 2013-2016, and would endorse the contextual analysis and 'direction of travel' as identified within the document.
- 6.21 As highlighted above regarding Walsall's devolution strategy are two lottery awards via the **Big Local** programme targeted at communities in Mossley and Palfrey amounting to a minimum of £1,020,000 per area, with access to further funding opportunities targeted at these communities. Although locally governed by a resident led partnership, it is significant additional external funding within the borough. Additionally, the investment of that funding in appropriate support mechanisms would be able to realise further targeted external local funding.

Support to the Voluntary and Community Sector in Walsall

**Table: 1 Walsall VCS support 2012-13**

Directorate:	Children's Services	Neighbourhoods	Regeneration	Resources	Social Care	TOTALS
<b>Cash support, grants delegated, mainstream</b>	£197,094.00	£717,942.26	£7,500.00	£0.00	£161,600.00	£1,084,136.26
<b>Cash support Commissioned Funding</b>	£665,150.98	£0.00	£1,004,206.82	£0.00	£3,378,407.12	£5,047,764.92
<b>External / Government funding</b>	£18,000.00	£1,011,080.00	£0.00	£0.00	£0.00	£1,029,080.00
<b>Rate relief discretionary</b>	£0.00	£0.00	£4,795.26	£224,114.16	£3,330.00	£232,239.42
<b>Rate relief mandatory</b>	£0.00	£0.00	£27,277.12	£1,332,497.88	£0.00	£1,359,775.00
<b>Notional Market rent (estimate)</b>	£0.00	£55,000.00	£458,950.00	£750.00	£0.00	£514,700.00
<b>Accom &amp; Property (Utilities rent subsidy)</b>	£8,400.00	£0.00	£1,700.00	£0.00	£52,854.00	£62,954.00
<b>Accommodation and Property (Room Hire)</b>	£0.00	£500.00	£0.00	£0.00	£0.00	£500.00
<b>Officer time</b>	£0.00	£20,689.30	£41,331.81	£0.00	£0.00	£62,021.11
<b>Transport</b>	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>ICT</b>	£0.00	£0.00	£2,000.00	£0.00	£0.00	£2,000.00
<b>TOTALS</b>	<b>£888,644.98</b>	<b>£1,805,211.56</b>	<b>£1,547,761.01</b>	<b>£1,557,362.04</b>	<b>£3,596,191.12</b>	<b>£9,395,170.71</b>



## Stakeholder event and interviews

- 7.1 Our approach has been to seek insights from all perspectives in order to be able to recommend options that are both feasible and have best chance of working given an ownership of the conclusions through the inclusive approach we have taken. We conducted a range of one to one interviews with those who work within the Council as Members and Officers alongside those who work within and represent VCS organisations. We also provided an opportunity for VCS organisations to meet with us via a drop over two days.
- 7.2 Given the political balance within the Council, we also felt it appropriate to glean views from the main political parties and independent councillors. It is clear that the values and strengths of the VCS are recognised across political divides. As is indicated in the development framework below, unless there is political support for the voluntary and community sector, it has little chance of development.
- 7.3 Central, however, to our approach was a consultation event held on the 17<sup>th</sup> July, advertised as *“opportunity to bring together people with different insights to share their experience. The event will follow an ‘Appreciative Inquiry’ model, that is, it will look to identify what’s best within the sector and how support can be most effectively provided in the future. The event will be interactive and use creative mechanisms in order to help our thinking together. We will be analysing the strengths of the sector, developing thoughts for what a strong sector will look like, and then be looking at how that can best be supported both via WMBC and through other mechanisms.”*
- 7.4 The event was attended by 32 people, 23 of whom were from the Voluntary and Community Sector and 9 of whom were from Walsall MBC. The event report can be downloaded from <http://www.compass.uk.net/CCP/Links.html> or obtained by emailing [chris.allen@compass.uk.net](mailto:chris.allen@compass.uk.net). Highlighted here are the summary findings from the event and identified next steps to develop a more collaborative way of working. The findings of the event can form the basis of a Compact as recommended below.
- 7.5 A SOAR analysis (**S**trengths, **O**pportunities, **A**spirations and **R**esults) was used to summarise the findings from the event, which focussed on what a strong and vibrant Voluntary and Community Sector would look like as a co-deliverer of WMBC’s corporate vision (see paragraph 5.3 above). There are a number of key emerging themes from that event, complemented by our findings from our one to one interviews.
- 7.6 **Strengths** – What are our greatest assets?

- Aspirational and passionate
- Beacons of excellence
- Bottom up approach
- Can break down barriers
- Cohesion and continuity
- Committed and hardworking
- Cost effective and quicker to react to circumstances
- Dedicated volunteers
- Established roots
- Flexible to change
- Hardworking and determined to battle on
- Identification of need
- Local knowledge and understanding
- Passion and commitment

- Proven track record
- Recognition of challenge
- Talented and innovative

#### 7.7 **Opportunities** – What are the best development opportunities?

- A 'Dragon's Den' task force
- Adaptable to needs
- Address social exclusion by encouraging volunteerism
- Bigger and better WVA
- Business approach
- Can bring people together
- Capacity build – especially before the next round of cuts
- Develop networks to assist in strategic planning to inform key decisions
- Greater partnership working
- Less insularity within the sector
- Partnerships with business
- Provide community representation
- Share best practice – showcase success
- Sharing resources and expertise
- Strengthen infrastructure - WVA as a voice for the sector
- Stronger CVS infrastructure
- Utilise expertise in the private sector
- Work experience and skills development through volunteering

#### 7.8 **Aspirations** – What is our preferred future?

- A vibrant and flourishing Walsall
- An honest, transparent and engaged environment.
- Barriers broken down
- Beacons of Excellence
- Better funding opportunities
- Business peer mentoring with the voluntary sector
- Co-locate agencies commissioning is not the way forward
- Continue with high priority services
- Improved volunteering
- Increased opportunities
- Influence partners
- Joint working
- Level playing field for funding
- More choice for people
- Mutual respect amongst partners and sectors
- Shared vision
- Strategic planning and service delivery
- Strong and sustainable partnerships
- To survive!
- Walsall Council to be more encouraging

#### 7.9 **Results** – What are the signs of success?

- 3<sup>rd</sup> sector delivering more than mainstream projects
- Better bridges between public sector, voluntary sector and business

- Better services
- Collaboration not completion between voluntary sector groups
- Consortium development to help economic growth
- Delivering services effectively
- Everyone understands what is available
- Greater volunteering opportunities – a volunteer network
- Improved work experience, skill, employment etc
- Investing and supporting local people
- Levering money in from outside Walsall
- More knowledge of what has been commissioned
- Positive image
- Quality service provision and outcomes
- Sustainable core funding
- True and open communications
- Variety of funding streams from small to large projects

7.10 Participants were asked to write down **one or two small changes** that would enable development in the next **6-18 months**

- Advertising in one place all the support that the 3<sup>rd</sup> sector offers
- Collaboration not competition
- Continuing growth and strength of WVA to build capacity in the sector
- Empowerment and knowledge
- Greater co-ordination in securing external funding
- Greater trust in the Voluntary Sector by the Council – allowing 3<sup>rd</sup> sector to deliver services
- Increased VCS Capacity to attract and deliver funding
- Increasing appetite and ambition for CVS
- Infrastructure support for VS
- Joint strategic vision and plan better communication
- Longer term funding
- Networking events – an information Fair for CVS
- Only commission what you have to commission
- Quicker decisions
- Recognition for volunteers
- Share CVS resources and introduce more opportunities for local communities
- Sharing knowledge and resources
- Streamline Council's funding mechanisms through Area Panels to CVS to communicate annual funding to the sector at the start of the financial year
- Strong local partnerships formed to deliver local priorities
- Talk up the sector
- Training and learning
- Value what is already there
- Walsall Council and WVA Concordat
- Walsall MBC having a regeneration plan to encourage businesses to the area

7.11 Participants were asked to write down one **major** change that would enable development over the next **18 months to 3 years**.

- Business investment in Walsall and job creation
- Community hub kitchen
- Create more cohesive partnerships within the sectors

- Groups pooling resources with common purpose
- Grow WVA to allow the sector to grow
- Increase investment of money and resources
- Local citizens taking on more responsibility for their well being
- Massive push of support from the Council for the sector
- More VCS involvement in planning and strategy – representation on key strategic bodies
- Mutual sector respect
- Partnerships for organisations to deliver services e.g. libraries, parks etc
- Public – private - VCS partnerships
- Taking responsibility
- Zero budgeting

- 7.12 One to one consultations with the sector outside of the workshop emphasised the need for a strong lead VCS partner (named as Walsall Voluntary Action) in order to develop a new collaborative way of working between all delivery agencies. A number of those consulted also highlighted that unless this opportunity was taken to develop such an organisation, it might not arise again.
- 7.13 Organisations that are strong and have both experience and capacity are demonstrating their ability to deliver commissioned contracts, but highlighted that there was increased competition from organisations outside the borough. It was highlighted that commissioning organisations outside the borough would mean that funding and support is lost to the borough in terms of secondary and tertiary spend.
- 7.14 Secondary and tertiary spend is sometimes referred to as “sticky” money as it circulates within a local economy and has a positive multiplier effect on the local economy.
- 7.15 Several of those consulted within the VCS highlighted the difficulty of an annual grant scheme that limited the scope of attracting in further funding. A three year commissioning cycle would increase the potential in attracting in match and complementary funding. This is particularly pertinent in relation to the funding of Walsall VA as the lead VCS infrastructure organisation, and a primary reason why we have included the commissioning approach in the recommended framework below (see 11.4 and page 43).
- 7.16 Although council officers and members reflected the value of the VCS, it is perceived within the sector itself that there is a lack of value for what it does. As identified above, there is historical evidence to support the perception of the VCS. An increase of trust and confidence in the sector was underlined at the stakeholder event.
- 7.17 The absence of a fit for purpose information system that could provide the necessary data required for funding applications was highlighted by public sector and VCS personnel. Sandwell Trends (<http://www.sandwelltrends.info>) was highlighted as a valuable example. Those consulted believed the development of the Walsall partnership observatory (<http://www.walsallobservatory.org.uk>) into a similar resource to that of Sandwell’s would increase capacity to access external funding.

## Compact agreement – a new way of working

- 8.1 Thriving and cohesive communities offer a safe, healthy and sustainable environment for all. To achieve this, we need to engage and involve communities in decisions that impact on their everyday lives and strengthen our efforts to ensure access to quality services for all. Engaging the VCS in providing challenge and design of services, as well as delivery is happening all over Walsall. The developing Localism agenda relies heavily on VCS support.
- 8.2 For many years the claims made by the VCS in Walsall and elsewhere that they are unique because they are organisations that are closer to their clients and more able to contact groups of people marginalised by the State, were predicated on these organisations being seen themselves as political ‘outsiders’ able to apply pressure in a partisan way in favour of the voiceless. Often the VCS can be ‘cheaper’ and more effective than its statutory counterparts, whilst also being closer to grassroots, ‘hard to reach groups’ and ‘customers’. Competition for resources has replaced the ethos of co-operation and created a ‘marketplace’ from which funders can select winners and losers.
- 8.3 As highlighted above in our consultation, the competitive element was seen as significant and highlighted in our individual meetings as well within the stakeholder event and the increased need for collaboration within the VCS and between sectors.
- 8.4 In practical terms the manifestations of the Big Society have taken on an identity that is driven by economic necessity. We must, the message goes, stop looking to the State to do everything for us. Whilst national evidence suggests cynicism amongst the third sector towards the Big Society, its ethos is, nonetheless with us, and seen by many as bridging the gaps made by funding reductions. The role of the VCS clearly becomes central to the message of localism. Volunteering and local action take a central role in this philosophy of enhanced self-help and the sector is seen as a way of harnessing and directing non-statutory activity for the common good. In this context, continued local support for the VCS in Walsall is in line with national policy direction.
- 8.5 So, in order to continue to support the third sector in Walsall, and have services delivered by local organisations’ (often using volunteers) a shift in attitudes from both the funders (Walsall Council) and receivers (VCS) needs to be facilitated. Our stakeholder event and interview observations have, as we have previously mentioned earlier in this report, often been viewed by each partner with mistrust, suspicion and perceptions of political bias. The competitive attitude was seen as significant and the increased need for collaboration within the VCS and between sectors was seen as essential. To move forward, new, stronger relationships will need to be built.
- 8.6 One way this could take shape is by the development of a formal ‘Compact’ or ‘Concordat’ between the Council, statutory partners and voluntary sector agencies to provide a framework for relations. This would not be dissimilar to the Compact developed between central government and the sector, which has been promoted as a model for local statements of intent.
- 8.7 Fundamental to collaborative working is an operational framework (see section 10 below) that analyses and develops the three key aspects of partnership development
  - Common Outcomes
  - Agreed Process
  - Strong Working Relationships

8.8 A good example of an appropriate framework is the Gateshead Compact, which is highlighted by the National Council for Voluntary Organisations as good practice.

#### Case Study - **Gateshead Compact 2010 – 13**

The Gateshead Compact outlines how all the partners in the Gateshead Strategic Partnership will work together to ensure a productive and successful relationship with the voluntary and community sector (VCS) in Gateshead. It is an agreement between public sector agencies and the VCS to work together to agreed standards and shared objectives. It formalises a set of shared commitments that recognise the value and role of the voluntary and community sector, and outlines an agenda for action to make these commitments a reality.

The GSP is committed through its Sustainable Community Strategy, Vision 2030, to support, promote, and work in partnership with the community and voluntary sector to maintain the long-term health of the sector.

The function of the Compact is to set out the shared principles and actions which members of the GSP will take to create a thriving voluntary and community sector in Gateshead. The Compact:

- Applies to all members of the Gateshead Strategic Partnership, and is based on a series of objectives which are shared by all partners;
- It is focused on four key shared commitments and a proactive approach to the delivery of these commitments, and therefore moves away from the 'codes of practice' approach of the previous Compact; and
- It is based around partnership working to deliver Vision 2030.

The objectives are to achieve the outcomes identified in Vision 2030 under the Gateshead Volunteers Big Idea:

- To ensure that the values of the sector thrive in Gateshead;
- Strong VCS organisations delivering services in vibrant, sustainable communities; and
- A commitment to volunteering.

#### **Shared principles**

The following shared principles underpin the Compact:

- **The role of the VCS in delivering Vision 2030:** All partners recognise that a strong, active and healthy VCS is a vital component in building strong communities and enabling people to reach their potential.

The particular role of the VCS is in:

- Empowering individuals and groups, particularly those at risk of exclusion.
- Strengthening communities, drawing together people from different sections of society, and helping to deliver objectives on community cohesion and resilience.
- Encouraging and promoting volunteering and civic participation to improve sustainability and promote an active and healthy Gateshead.
- Transforming public services, through delivery, design, innovation and campaigning.

Partnership between all GSP partners and the VCS is essential in achieving our shared objectives. Trust, respect and honesty are key ingredients for successful partnership working

- **Independence:** Voluntary and community sector organisations remain entitled to campaign, within the law, to advance their aims, to manage their own affairs and to

highlight issues which are important to them;

- **Accountability:** The GSP and the VCS are answerable to different people in different ways, but the need to act with objectivity, transparency, accountability and integrity is common to all; and
- **Equality:** The GSP and the voluntary and community sector working together will promote equality

GSP have identified the following four action areas as the key commitments for the Compact:

- *Community development, involvement and consultation*
- *Recognising, valuing and supporting volunteering*
- *Long term planning, clarity and consistency in commissioning, procurement and funding agreements*
- *Promoting equality and diversity*

8.9 As recommended below, we would advise the hosting of an interactive event between all statutory partners and the VCS in Walsall to draw up the *Walsall Compact*, and agree shared principles and values to promote the key themes of:

- better working relationships
- engaging the sector in service delivery
- encouraging volunteerism and civic participation

### **Engaging other partners**

8.10 Through the course of this assignment, we found that a number of other organisations in the area (eg Walsall Housing Group, West Midlands Police) were also funding the sector via local community groups to deliver programmes and activities. We would suggest that the key findings from this report are shared with partners. It would also be useful to undertake an audit of all borough wide activity to both gain a more whole picture approach of current levels of support and expectations.

### **Staffing Resources**

8.11 Changes we have suggested in the Commissioning Cycle and the increased local devolution agenda, will inevitably require increased input from Council officers in order to guarantee success. This is however in the context of budget reductions.

8.12 There are currently two Voluntary Sector Support Officers, and a temporary support officer.

8.13 We observed that the role of the support officers is pre-dominantly that of monitoring. We believe that such a role cuts across a collaborative approach. Whilst recognising the importance of the Council in making sure that public money is appropriately used, we would suggest that a shift in outlook, which would see the role of the officers moving closer towards that of partnership building between the sectors. The common outcome is that funding should be used effectively with the Council as being the 'custodians' and the VCS organisation being the 'deliverers'.

8.14 The role of the support officers could then evolve into being:

- **Facilitative:** that is, developing programmes with partners in order that funding is appropriately used in the delivery of the Council's corporate aims.
- **Supportive:** that is, working with local organisations to advise on delivery and help remove barriers where necessary.
- **Challenging:** that is, ensuring that funding is being used to achieve the desired outcomes it is meant for.

- 8.15 Whilst we have not seen the job description/specifications for the above posts, these may need to be reviewed if our observations and recommendations are agreed.



## Commissioning in Walsall

- 9.1 Walsall Council provides guidance to all commissioners who are seeking to obtain services, directly via its shared services and procurement officers and also through its Joint Commissioning Unit. Both provide training for commissioners and, if requested, direct assistance with writing specifications. The procurement team have also recently obtained customer feedback on the commissioning process. Both operate within a framework that requires that any funding of £50,000 or more needs to be formally commissioned, as this is taken to be when managers have moved beyond supporting small projects and one-off initiatives and towards commissioning actual services.
- 9.2 Commissioners need to be clear, when engaging with the VCS, as to whether they are:
- Shopping (buying a service),
  - Giving (supporting a worthy cause) *or*
  - Investing (building capacity in the sector)
- 9.3 Currently in Walsall, there is a combination of approaches to financial support and service commissioning from the VCS (e.g. awarding of direct grants, usually on an annual basis or more formal commissioning). Some Directorates (e.g. Social Care and Children's Services) have mainly moved towards a commissioning approach.
- 9.4 Grants are allocated via the completion of a four-page form (often completed with support from the Voluntary Community Sector Officers based in the Neighbourhood Services Directorate).
- 9.5 Commissioners should consider which procurement approach will be most appropriate to meet their commissioning goals. This could include consideration of grant funding, and Walsall provides many one-off funding initiatives to support local community activity. Where a contract is considered to be the best option, consideration should be given to the appropriate size, scope, capital requirements and procurement process – so that voluntary organisations can bid fairly against larger private sector bodies.
- 9.6 The central issue is whether Walsall Council should move away from a general annual grants award for the VCS, towards longer term funding or commissioning arrangements with the whole of VCS - having, for example, commissioning cycles and supplier Frameworks for most activity over a certain funding threshold. At present, there are differing approaches across the Directorates to funding. This often causes misconceptions on levels of funding given, duplication and lack of clarity about what an organisation is expected to deliver.
- 9.7 Public bodies should release accurate and consistent data about their expenditure on the voluntary sector. This will help facilitate better policy making, grounded in evidence. Organisations in Walsall should be consulted with, and given sufficient notice of, any changes to their funding. Commissioners in Walsall should involve voluntary sector organisations at the earliest stages of the commissioning process - to help identify people's needs, how services could better meet these needs and what additional social value could be achieved.
- 9.8 The new Social Value Act, introduced by the Government in 2012, supports the commissioning of societal considerations in the tendering process. This could advantage local, smaller providers if they can demonstrate that they can deliver services to the required standard. The act requires public bodies to:

*“Consider, prior to undertaking the procurement process, how services procured (whether covered by the Public Contracts Regulations 2006 or otherwise) might improve economic, social and environmental well-being”*

### **The Public Services (Social Value) Act 2012**

*“Social Value - the Duty of Best Value making clear that Councils' should consider overall value – including social value – when considering service provision. So it plays to the long-term strengths of voluntary and community groups and small businesses”*

### **DCLG's Best Value Statutory Guidance September 2013.**

- 9.9 Commissioning local organisations that belong to the area, are committed to it and who share the Council's vision and values, may go a long way to assisting the public sector in meeting the new Social Value Duties by keeping business and expertise within Walsall. Your procurement team have developed a set of key questions which are designed to provoke commissioners into considering what factors can be specified and/or evaluated as part of the Commissioning process. The aim is to support the development of a new 'mind-set', which helps to determine societal needs and the achievement of social benefits in the design and awarding of contracts.
- 9.10 As previously mentioned, certain Directorates have a procurement Threshold of £50k, and have gradually introduced a more formalised process. Prior to the introduction of change, there was an understanding that change cannot be implemented overnight and that the community and voluntary sector needed capacity building support to understand new procurement rules to be able to be more competitive and able to take part in any tendering process fairly, with a level playing field with the private sector, or larger public or charitable organisations.
- 9.11 During the course of this project, we looked at the work of two Walsall Directorates and one partner organisation that have introduced significant changes and improvement to their commissioning cycle with the Voluntary Sector. Summary Case Studies, providing useful tips and pointers for future engagement with the third sector, are included below for wider dissemination amongst commissioners:

#### **Case Study - Children's Services Supporting Change**

##### **What they did**

Children's Services in Walsall commission over half a million pounds worth of services from the Voluntary and Community Sector (VCS), and this is primarily used to support Positive Activities (youth services). Contracts are procured for a minimum threshold of £50k. These are closely monitored, with providers expected to complete quarterly performance reports and attend quarterly performance meeting to ensure that the services they are providing are in accordance with Council priorities and expectations.

The way services are commissioned has changed since 2010, with Children's Services now using a more formal procurement cycle by inviting organisations and partner consortiums to submit bids to provide services, against stated requirements. Services are commissioned on a 3 yearly basis (with the current cycle beginning on 1st April 2013).

Before these changes were introduced, a series of workshops and other stakeholder events with existing and potential providers were held to explain the new commissioning process, and how it is aligned to the objectives in the children's plan, service plans, and neighbourhood plans etc. Contractors were encouraged to voice their concerns and expectations. Partnership between potential bidders was positively encouraged, with the service area sending clear messages that

partner consortiums, consisting of smaller providers without the individual infrastructure to support £50k plus contracts, would be supported if they fulfilled the overall tender requirements.

Smaller grants that are awarded e.g. to scouts and uniformed groups, play groups, tenants associations, are subject to a *'lighter touch'* procurement and monitoring process. £25k is set aside for these grants, and providers can bid for a maximum of £2,500 via an application process, and providers are expected to produce end of year forms, and use Walsall model session and evaluation forms to gain participant feedback.

### **The impact**

The changes introduced have been welcomed by both the Council and most VCS organisations. Initial concern about the more stringent monitoring arrangements that have been put in place, has largely been overcome. The new approach is seen by many to be more open and transparent, with clarity of expectations and openness of what has been awarded, and to whom. Overall, few voluntary and community sectors have been out-bid, and most of the existing providers are still providing services either as stand alone or consortium organisations.

## **Case Study - Walsall Adult and Community College – Supporting Providers**

### **What they did**

In 2011, the College changed its Adult Learning commissioning process and introduced a much more 'formal, open and transparent system'. This change was mainly introduced as it was part of a funding requirement by the Skills Funding Agency, who the College has an annual contract with. As well as having to open up the Adult Learning commissioning process, the college is also required to provide a rationale for why it is choosing to sub-contract particular services, and why they are not able to provide the service in house.

The College now operates a Framework for suppliers/providers. 14 organisations, after an application process, are on the Framework (with inclusion for potential bidders valid for 3 years). Almost all pre 2011 providers were accepted onto the suppliers list as it was felt that they met and/or exceeded the criteria. Time was allocated by the College to explain the context and need for change. Support was given to existing suppliers, for example via help with marketing of their products and ability to deliver to highlight their viability and eligibility.

### **The Impact**

The College facilitates a monthly Learning Partnership Network, which is chaired by a Vice-Principle. All providers on the Framework are invited to attend, and all suppliers who have been awarded a contract are required to. This Partnership acts as a body to provide feedback on the development of the College's strategic plan, access data, pick up new trends and learning needs and monitor existing contracts.

The College's Adult Learning provision has been deemed by OfSTED to be 'outstanding', with no perceived differences in external or internal delivered learning. Support is given to those on the Framework in other ways. For example, contract delivery is monitored and quality assured, via observations, 1-1 coaching and use of expert teachers.

Community and Voluntary Sector Framework providers are also given access to all of the colleges training and learning opportunities to support their organisational and individual development and capacity.

### **Case Study - Joint Commissioning Unit – Business support for VCS and Involving Volunteers**

#### **What they did**

The Joint Commissioning Unit (JCU) was set up in 2009, with the aim of integrating and streamlining resources for the key organisations delivering social care in Walsall, including the NHS. A key aspiration of the JCU is to be clearer about what they want to deliver and what they expect from external suppliers, to ensure delivery is closely aligned to service objectives.

The community and voluntary sector prior to 2009 delivered a number of services on behalf of the Council and the former PCT. It was recognised that in order to keep the sector in the running to compete in a more formalised procurement world that these organisations had to be 'fit for business'. Input was sought directly from VCS and also service users to co-design what a new commissioning and monitoring process might look like. An officer from the JCU was assigned to support VCS, and help them to adjust to change as the service moved away from grant giving. Training and stakeholder events were held with the sector to familiarise them with the new requirements. Many local organisations have been able to move to a more formal setting, put together bids (either alone or as part of a partner consortium), thus enabling continuity of service provision and the survival and continuity of many local organisations/small businesses.

Adult Services value the involvement of volunteers and service users in commissioning, and believe that they are key to strengthening and quality assuring their commissioning decisions. A service engagement officer supports this area of work. For example, service users, form a cohort of trained volunteers, are involved in a range of activities. These include taking part in service reviews tender evaluation, short listing and scoring. They are able to contribute to the process by suggesting their own questions, and they are part of the post award validation and monitoring, facilitating quality assurance feedback from service users.

Adult services are looking to further develop the role of volunteers by continuing to build volunteerism and peer mentoring into the work that they do.

#### **9.12 Key Messages from the case studies include:**

- The importance of clear distinctions between funding for one off activities and commissioning of services.
- The need to explain the business rationale for change to existing VCS providers in order to encourage their continued involvement in service delivery.
- Training and business support for potential providers is key and can result in there being little change in who provides services, thus supporting local businesses and providing service continuity.
- Involving volunteers and service users in the design and monitoring of commissioning frameworks and service specifications helps to increase user involvement in services, facilitates feedback and improves service delivery
- VCS service providers should have access to free or reduced funded training courses that are relevant to contract delivery

## **A Strategic Commissioning approach**

- 9.13 Based on the lessons learned from existing work undertaken with VCS within Walsall, a more consistent approach to strategic commissioning is recommended. Evidence from Children’s and Adult Services and the local College would suggest that introducing a more formal commissioning cycle would not be to the detriment of existing VCS suppliers of services – as long as the necessary engagement and support mechanisms are in place before any major changes are introduced.
- 9.14 Work is currently under development internally in Walsall for the development of a definitive procurement service model. It may be useful to ensure that consideration is given during the development stage, to the particular support needs of the community and voluntary sector, learning lessons from other internal and external stakeholders. This could include business support activity, as well as specific training modules for the sector to introduce them to any new approach.
- 9.15 In order to ensure Walsall Council officers (and would be providers/suppliers) have greater clarity on the suitability of the differing funding options, a “toolkit” could be produced for all officers involved in allocating grants, providing guidance and criteria on when it is appropriate to tender, commission or grant aid. This reflects the Council’s intentions to continually improve its procurement strategy and commissioning cycle. Specific sections on Social Value and CVS support requirements could also be incorporated.
- 9.16 A Stakeholder Engagement event could be held with existing, and potential, CVS suppliers to ‘test out’ the toolkit, and explain the business rationale for changes. This could be followed by training sessions to support business development, bid writing, marketing etc, and could also act as a useful tool in ensuring that local CVS organisations are confident about procurement, and are able to competitively bid for services and activities.
- 9.17 The expertise of the current Joint Commissioning Unit (JCU) in Walsall could be useful in enabling and leading any change process. The JCU could be used to lead the way on any move to a more formalised structure to share protocols, practice, documentation etc as well as expertise to train other commissioners, and potential commissioners in Walsall in good practice approaches.
- 9.18 The current Grant Form (used in the Neighbourhood Directorate) should be revised to ensure that objectives and outcomes for smaller activities are in line with the Council’s plans and direction.
- 9.19 The Council should agree thresholds for activities, and be consistent in their application across all Directorates eg any activity above £30,000 is formally tendered and procured.
- 9.20 Further case studies regarding a commissioning approach are included below at Appendices four and five.

## Development Framework tools

We have included 5 frameworks that can act as tools for future development.

1. Critical Success Factors in VCS development
2. Partnership working
3. Commissioning
4. Cost Benefit Analysis / Resource Mapping
5. Social Return on Investment

### 10.1 Framework 1: Critical Success Factors in VCS development

Table 2 below contains a self-assessment framework for developing the VCS in Walsall. It is based on identified good practice arising out of two appended case studies regarding commissioning in Ealing and Sefton in appendices four and five respectively.

<b>TABLE 2</b>		
<b>Success Factor 1: Strong working relationships</b>	<b>Evidence in Walsall</b>	<b>Next steps for improvement</b>
In order to enhance the VCS there must be willingness of sectors to work together. <ul style="list-style-type: none"> <li>• How strong is this relationship?</li> <li>• How can it be strengthened?</li> <li>• Where are the barriers?</li> <li>• Is the VCS seen as an asset by the public sector?</li> </ul>		
<b>Success Factor 2: Effective lead organisation</b>	<b>Evidence in Walsall</b>	<b>Next steps for improvement</b>
There must be an umbrella network that is recognised and owned by the VCS. <ul style="list-style-type: none"> <li>• What could that umbrella body be?</li> <li>• Is it best at a Borough or more local level?</li> </ul>		
<b>Success Factor 3: Level of reach</b>	<b>Evidence in Walsall</b>	<b>Next steps for improvement</b>
The reach into the most vulnerable communities by the VCS will vary. <ul style="list-style-type: none"> <li>• How far does the VCS reach?</li> <li>• Where are the gaps with regard to communities of geography and of interest?</li> <li>• How can it be strengthened?</li> </ul>		

<b>Success Factor 4: Funding strategy</b>	<b>Evidence in Walsall</b>	<b>Next steps for improvement</b>
<p>The development of the VCS should be seen as a cross sector responsibility.</p> <ul style="list-style-type: none"> <li>• Is the need for a thriving VCS acknowledged by the public sector?</li> <li>• If so, how is that seen?</li> <li>• If not, how can it be developed?</li> <li>• Is there a joint funding strategy for the sector that accesses mainstream resources complemented by grant income?</li> </ul>		
<b>Success Factor 5: Best fit for delivery</b>	<b>Evidence in Walsall</b>	<b>Next steps for improvement</b>
<p>Building on previous information...</p> <ul style="list-style-type: none"> <li>• Where is the sector in the best position for delivery of services?</li> <li>• Where does it reach the most vulnerable where public services struggle to impact?</li> <li>• Is this value recognised by the public sector?</li> </ul>		
<b>Success Factor 6: Procurement</b>	<b>Evidence in Walsall</b>	<b>Next steps for improvement</b>
<p>Procuring services from the VCS will give a backbone to its funding strategy and provide longer term security</p> <ul style="list-style-type: none"> <li>• Are services being procured via the third sector currently?</li> <li>• Where does 'best fit' indicate the potential for delivery?</li> <li>• Does the sector have the capacity to tender successfully?</li> </ul>		

## 10.2 Framework 2: Partnership Working

As identified above, fundamental to the development of the sector will be good practice in Partnership Working. Table 3 contains within it criteria for successful partnership working (based on a Neuro-Linguistic Programming model). This performance management framework can be used in conjunction with **success factor 1** in the table above.

### Principles of Partnership working

TABLE 3				
CRITERIA	R	A	G	EVIDENCE / NEXT STEPS
<b>1 The identification of Common Outcomes</b> <ul style="list-style-type: none"> <li>Do partners recognise their respective roles and are able to discern that which is best tackled through a partnership approach?</li> <li>Have partners identified the added value through adopting a partnership approach?</li> <li>Have partners aligned strategies to facilitate a joint approach to problem solving?</li> <li>Do partners recognise the contribution they can make to outcomes within local strategies?</li> </ul>				
<b>2 The signing up to an agreed process</b> <ul style="list-style-type: none"> <li>Is there clarity with regard to all stages of the process and understanding of protocols?</li> <li>Is a consistent and corporate approach taken with regard to documentation and its usage?</li> <li>Do all partners feel the process is accessible with regard to referring cases and raising issues?</li> <li>Is there agreement regarding a methodology that enables participation for all partners (eg frequency, location and timing of conferences)?</li> </ul>				
<b>3 The development of Strong Relationships</b> <ul style="list-style-type: none"> <li>Are partners willing to share information and remove barriers?</li> <li>Is there mutual respect and accountability between organisations even when there is no statutory necessity?</li> <li>Are agreed actions executed with immediate effect?</li> <li>Does the strength of partnership working that goes back through individuals to the organisations they represent?</li> </ul>				



### 10.3 Framework 3: Steps to Improved Commissioning

This framework can be used in association with success factors 3 and 6 in table 2 above.

<b>TABLE 4</b>
<b>Stage 1: Database Information Review – VCS Mapping</b>
<p>The key <b>benefits</b> of mapping your local VCS activity are:</p> <ul style="list-style-type: none"> <li>• Enhanced understanding of organisations focused on particular communities, localities, subject areas or user groups;</li> <li>• Enhanced understanding of organisations that could potentially work together in developing consortia bids for better local outcomes;</li> <li>• Enhanced understanding of gaps in VCS service provision or community support;</li> <li>• Enhanced understanding of where there is overprovision or duplication in services / activities;</li> <li>• Enhanced understanding of the need for more infrastructure support services or networks;</li> <li>• Enhanced understanding of the potential of the local VCS in delivering to Council and community strategic priorities;</li> <li>• Enhanced understanding of community and voluntary groups which can be successful in commissioning and tendering processes;</li> <li>• Enhanced member understanding of the full range of VCS activity in their wards which can support their community leadership role;</li> <li>• Enhanced understanding of local groups that need to be involved in consultation exercises;</li> <li>• Ability to target capacity building investment in those organisations contributing to priority outcomes in the area.</li> </ul>
<b>Mapping activity</b>
<p>A short community mapping questionnaire in Walsall would facilitate structured information gathering for the database. This requires organisations to briefly describe their main activities, provide contact details and also to classify their beneficiaries, activities and geographical focus from a list of choices:</p> <ul style="list-style-type: none"> <li>• Main beneficiary or user groups</li> <li>• Main activities and services</li> <li>• Main geographical/neighbourhood area of service focus</li> <li>• How the activity is helping to meet the Council’s vision for Walsall</li> </ul>

<b>Stage 2: Agreeing Core Principles and Thresholds</b>		
<p><b>Contracts via Commissioning - contracts are most appropriate where:</b></p> <ul style="list-style-type: none"> <li>• A definable service can be established;</li> <li>• 100% funding for the service is provided;</li> <li>• There are a range of suitable suppliers (i.e. a market exists);</li> <li>• There is no difficulty over the ownership of the property/assets used to provide the service;</li> <li>• Clear value can be obtained from a competitive process;</li> <li>• There should be a uniform <i>threshold</i> figure – say £30,000</li> <li>• Organisations are multi-funded;</li> <li>• They have premises from where the services operate;</li> <li>• There is a need to negotiate and agree outputs and outcomes;</li> <li>• Voluntary assistance would suggest a non-commercial activity.</li> </ul>	<p><b>Grant aid is most appropriate for:</b></p> <ul style="list-style-type: none"> <li>• Small time-limited projects costing under £10,000 eg summer sports activities, uniformed clubs etc (existing activity that is already funded via grant aid in Walsall)</li> <li>• ‘Pump priming’</li> <li>• Capacity development</li> <li>• Self-help or mutual aid schemes that cannot be measured or specified easily</li> <li>• Small-scale capital projects</li> </ul>	<p><b>Discretionary funding is most appropriate for:</b></p> <ul style="list-style-type: none"> <li>• Short term funding</li> <li>• Organisations with large overheads</li> <li>• To provide additional capacity support</li> </ul>

#### 10.4 Framework 4: Cost Benefit Analysis / Resource Mapping

Table 5 below summarises a cost/benefit analysis approach has been used by the Association of Greater Manchester Authorities (AGMA), and might offer a current example of good practice around resource mapping for Walsall. We have adapted their Framework, which is illustrated below<sup>6</sup>.

We believe that it will have particular value as a mechanism for identifying

- For getting an overview of what is being delivered in a service area
- To map any duplication of services – is the VCS delivering things that are already being delivered by the public sector, and vice versa? An example of this could be Welfare Rights, which was raised independently as a potential area on three occasions in our discussions with WMBC officers, members and also the VCS.
- Are projects/services that have been commissioned or grant aided aligned with the objectives in the Walsall Plan and delivering value for money?

This is an adaptable framework for looking at the costs and benefits of its investment. It can help you gain greater clarity around:

- Understanding how much money is invested
- Understanding how well services/projects fit together, complement each other and form a comprehensive offer.
- Gaining more clarity on any duplication of services or functions.
- Seeing how objectives and outcomes are translated into meaningful service provision.
  
- Knowing the impact of cuts and potential changes in service provision/grant aid.
- Establishing activity based costs in order to start looking at value for money and commissioning of services
- Exploring the monetary and social benefits of investment in more detail.

N.B. You are not looking for absolute accuracy and stressed that certain assumptions and/or apportionments would have to be made.

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<sup>6</sup> Weblink and contact for Cost Benefit Analysis [www.agma.gov.uk](http://www.agma.gov.uk) ([juliancox@neweconomymanchester.com](mailto:juliancox@neweconomymanchester.com))

<b>TABLE 5</b>				
<b>Stage</b>	<b>Action</b>	<b>Sub action</b>	<b>Information</b>	<b>Assumptions</b>
Step 1	Consider which part of the Corporate Plan, “ <b>Building Pride in Walsall</b> ” the services relate to			
Step 2	Consider <i>when the costs of the service are borne</i> - break down the costs into the stages opposite.	Contact and engagement – how are you identifying what to support?		
		Assessment – establishing the exact needs and planning a response		
		Interventions – the delivery and costs		
		Reviewing – looking at performance and outcomes		
Step 3	Complete a <b>Service Identifier list</b> to determine how services break down against the Corporate Plan objectives and then into the stages of the customer journey			
Step 4	Record the costs			
Step 5	Provide <i>supporting</i> information – as well as costs, we were looking for information relating to the service/grant delivery area			

## 10.5 Framework 5: Social Auditing and Social Return on Investment

We are able to recommend two possible mechanisms from personal experience regarding the capture of Social Value

- 1 'Prove, Improve, Account'. The Social Audit Network, Wolverhampton ([www.socialauditnetwork.org.uk](http://www.socialauditnetwork.org.uk))

This guide takes account of the growing experience of social accounting and audit, and includes reference to a range of frameworks and methods that have developed to help organisations explain and account for their performance and impact.

The guide is a roadmap to the social accounting and audit process and has been written for social enterprises, community enterprises, social economy organisations and voluntary sector organisations that wish to regularly account for and report on their social, economic and environmental performance and impact. The kit helps to guide people through the process.

- 2 'Social return on investment – valuing what you do'. Worcestershire County Council (Suzy James: [SJames2@worcestershire.gov.uk](mailto:SJames2@worcestershire.gov.uk)).

This guide enables local projects and programmes to identify and measure outcomes, and also to add a financial value which indicates the social return on investment.

Fundamental to the process is a set of proxy values that have been substantiated by an independent panel of experts across a range of fields. The kit currently seeks to measure impact across

- Mental Health
- Physical Health
- Independent living
- Skills / Advice
- Volunteering
- Drugs alcohol and offending
- Children's support
- Economic impact

## Recommendations

In light of our observations and review as part of this project we are making a number of recommendations to improve partnership working with the Voluntary and Community Sector in Walsall. These are listed below:

The recommendations are ordered according to the report, and not in terms of priority.

### 11.1 Devolution Strategy

- Support cross sector collaboration by providing continuous updates/feedback to VCS on progress with the new devolution strategy.
- Harness VCS involvement and commitment in key activities eg Area Panels, Area Plans, Community Hubs, etc.
- Use the central WVS structure to disseminate key messages and facilitate engagement in the delivery of devolution.
- Carry out some early evaluation of the pilot work being undertaken to support step 6 of the Devolution Strategy to support local activities to enhance the role of VCS.

### 11.2 Financial Information

- Review the design of your management information systems to ensure they are 'fit for purpose' and enabling you to access accurate information.
- Review the range and suitability of management information data and sources available to support external funding bids.

### 11.3 Staffing

- Carry out an audit of actual and 'in kind' staffing resource to the sector in order to analyse what support exists and how this can be strengthened or re-aligned.
- Review the roles and job descriptions of the existing Voluntary Sector Support Officers to ensure they are more enabling and facilitative.
- Provide training to the Voluntary Sector Support Officers with regard to an appropriate model for capturing Social Value.

### 11.4 Strategic Approach to Commissioning

- Revise your commissioning cycle (and accompanying documentation), and ensure a whole council approach is employed by each Directorate when providing grants to and engaging services from the Voluntary Sector
- Introduce a threshold of £30,000 – after which a formal tendering process needs to be enacted.
- Re-write the current grant form, aligning it more clearly to the Councils objectives.
- Use the expertise of the JCU/Procurement team to train commissioners and VCS in any new approach to commissioning, looking at specific training modules to provide business support existing organisations and SMEs.

### 11.5 Supporting a Lead VCS Organisation

- Review current funding arrangements with Walsall Voluntary Action, taking into account the case studies from neighbouring boroughs.
- Identify an appropriate level of core funding over a three year period which will enable the necessary financial stability to attract in external funding.

- Commission appropriate activity in line with the recommendations within this report especially with regard to access to external funding, developing volunteerism and facilitating local community engagement.

#### 11.6 **Volunteerism**

- Develop a Volunteers Charter to encourage greater volunteerism and civic participation.
- Draw on the expertise of internal (eg Adult Services) and external (eg WVA) to draw up the Charter and roll it out.
- Adopt a social value methodology that can begin to capture the level of volunteering across the borough in order to measure future growth.

#### 11.7 **New Ways of Working**

- Host an interactive event between all statutory partners and the VCS in Walsall to draw up a Walsall Compact
- The Compact to agree shared principles and values to promote the key themes of better working, relationships, engaging the sector in service delivery, encouraging volunteerism and civic participation.
- Hold a 'signing event' with partners.

#### 11.8 **Development Frameworks**

- Map current VCS activity via a short questionnaire to groups.
  - Develop internal conversations about what additional services could be provided by the VCS in Walsall that is currently delivered via the public sector. Identify areas of collaboration, etc.
  - We have provided you with 5 development Frameworks. Use these frameworks as tools to self assess your current situation and progress in order to better understand the value of your interventions and activities, track return on investment and ensure activities are aligned to your key plans and objectives.
1. Critical Success Factors in VCS development – use as a self assessment checklist to review and monitor your progress.
  2. Partnership working – a self assessment tool capturing good practice and areas for improvement.
  3. Commissioning – use to review approach and develop good practice.
  4. Cost Benefit Analysis / Resource Mapping – what is the value for money in what you do, are you avoiding duplication etc?
  5. Social Return on Investment – use to capture social value and supporting local groups and businesses.

#### 11.9 **Improvement and Efficiency West Midlands (IE WM)**

- Draw up specification/scope for accessing matched funding to support the implementation of the recommendations.

We have summarised these recommendations into the table below to illustrate an overview to the approach we are recommending.

<b>Walsall Voluntary and Community Sector Development Framework</b>					
<b>Commissioning</b>	<b>Lead Organisation</b>	<b>Compact Agreement</b>	<b>Support Staff</b>	<b>Information Systems</b>	<b>Localism</b>
<p>A strategic approach to</p> <ul style="list-style-type: none"> <li>• buying services (shopping),</li> <li>• supporting causes (giving), and</li> <li>• building capacity (investing) based on internal good practice.</li> </ul>	<p>An appropriately resourced Voluntary and Community Sector umbrella support body that will be able to</p> <ul style="list-style-type: none"> <li>• exponentially increase funding into the sector,</li> <li>• develop volunteerism, and</li> <li>• facilitate the relationship between VCS organisations and public sector bodies at a local level.</li> </ul>	<p>Mutually agreed basis for future working to</p> <ul style="list-style-type: none"> <li>• enable transparency,</li> <li>• the development of strong working relationships, and</li> <li>• ownership and delivery of the common outcomes within WMBC's corporate vision for the borough.</li> </ul>	<p>WMBC's Voluntary sector support staff role redefined from monitoring towards that of</p> <ul style="list-style-type: none"> <li>• support</li> <li>• facilitation, and</li> <li>• challenge to enable greater trust and collaboration between the sectors.</li> </ul>	<p>The development of enhanced information systems that</p> <ul style="list-style-type: none"> <li>• map current activity</li> <li>• aggregate resourcing across directorates, and</li> <li>• support external funding opportunities.</li> </ul>	<p>VCS organisations facilitating Walsall's <b>devolution strategy</b> through community</p> <ul style="list-style-type: none"> <li>• consultation</li> <li>• engagement</li> <li>• involvement in decision-making.</li> </ul>
<b>Development Tools</b>					
<b>Critical Success Factors</b>	<b>Partnership working</b>	<b>Commissioning</b>	<b>Cost Benefit Analysis / Resource Mapping</b>	<b>Social Return on Investment</b>	
<p>A self-assessment checklist to review and monitor progress against key VCS development criteria</p>	<p>A self-assessment tool capturing good practice and areas for improvement.</p>	<p>Reviewing approach and developing good practice.</p>	<p>Identifying good value for money in what you do, and a means of avoiding duplication, etc.</p>	<p>Capturing social value and supporting local groups and businesses.</p>	



## Appendices

### Appendix 1: Project Implementation Plan

#### Support to the Voluntary and Community Sector in Walsall

##### PIP Outputs and Deliverables

- Determine the framework and criteria for the allocation of support to the voluntary and community sector organisations (whether cash, premises or in kind)
- In the light of the above determine a model to assess the impact and contribution of the voluntary and community sector towards the agreed priorities of the council and its partners, and the effectiveness of services they provide.
- Provide a recommendation on the resources (staffing levels etc) required to support the model.

The approach will be based around:

- *Engagement with key stakeholders* including the representatives of the voluntary and community sector, elected members, council staff (including members of the Council's Corporate Management Team) and partners.
- *Identifying and evidence local effective best practice* in partnership working between councils and the voluntary and community sector focussing on the use of available resources, financial etc including property
- *Determining options for new ways of working and a new arrangement with the Voluntary sector* and present them to the Executive Director for Neighbourhoods and agree method of presentation to Cabinet and other key stakeholders.
- *Developing a Framework* that is built on consensus and common understanding about delivery requirements and joint expectations
- Consider the *resource implications* of a new model of working with the Community and Voluntary Sector

##### Project Management Arrangements

- Chris Allen, IEWM Associate, will act as the project manager and act as the main point of contact for the duration of this contract. Bernie Wilde, IEWM Associate will also provide high level input and delivery.
- Client project management will be provided by John Leach and Jay Patel from Walsall MBC. Cllr Ian Shires (portfolio holder) and Jamie Morris (Executive Director Neighbourhood Services) will also be invited to provide on going input as part of an assignment steering group.

##### Delivery Timescales

- The project will begin on 3<sup>rd</sup> June, and be completed by 1<sup>st</sup> August 2013 (extended to 12<sup>th</sup> September 2013)

Outputs	Time scales
<p><b>Stage 1: Developing the Project Plan and Key Lines of Inquiry</b></p> <ul style="list-style-type: none"> <li>• Meeting with key officer and member stakeholders to scope project.</li> <li>• Agree contract, reporting arrangements, working arrangements, communication with key stakeholders re the project background etc</li> <li>• Documentary collation and analysis</li> <li>• Financial analysis to identify flexible funding - direct funding, in kind, external funding and asset based</li> <li>• Draw up interview template</li> <li>• Engage with key stakeholders via 1-1 meetings and telephone calls e.g. VWA CEO, Devolution Project Manager, Area Managers, Service Managers, Voluntary and Community sector funding recipients - to develop partner perspectives</li> <li>• Identify minimum of 3 projects in receipt of WC funding and review process and monitoring arrangements around commissioning, monitoring and value for money using cost benefit analysis methodology</li> <li>• Agree date and venue for Stakeholder event (time frame week beginning 15th July)</li> <li>• Initial evidence map/interim findings and reporting to John Leach and Jay Patel</li> </ul>	<p><b>3<sup>rd</sup> – 24<sup>th</sup> June</b></p>
<p><b>Stage 2: Developing a new model of working</b></p> <ul style="list-style-type: none"> <li>• Identify good practice from other West Midlands areas</li> <li>• 1-1 interviews continued</li> <li>• Collate local good practice e.g. Social Enterprises ventures, Community Hubs</li> <li>• Design and deliver a creative and collaborative Stakeholder to capture partner perspectives, highlight what is working well etc using Appreciative Inquiry techniques</li> <li>• Collate findings from the event and other engagement activity re content of the Framework and memorandum of understanding for future collaboration and commissioning</li> </ul>	<p><b>25<sup>th</sup> June – 19<sup>th</sup> July</b></p>
<p><b>Stage 3: Options, Recommendations and a Framework for Improved Collaboration</b></p> <ul style="list-style-type: none"> <li>• Submission of draft report for submission to key managers and Portfolio Holder</li> <li>• Include overview and evaluation and option appraisals for new ways of working</li> <li>• Agree method of presentation to key internal WC stakeholders</li> </ul>	<p><b>20<sup>th</sup> July – 1<sup>st</sup> August (extended to 12<sup>th</sup> September)</b></p>

**Appendix 2: Interviewees / groups (listed alphabetically by first name)**

- Alex Boys (WMBC External Funding Officer)
- Andy Rust (WMBC Joint Commissioning Unit)
- Barbara Watt (WMBC Public Health)
- Carl Rice (CEO Citizen’s Advice Bureau and Chair of Trustees Walsall Voluntary Action)
- Claire Hammonds (WMBC Senior Commissioning Lead for Adult Disabilities)
- Clare Fowlkes (Director Advice Services, Citizen’s Advice Bureau)
- Davina Lytton (CEO Age UK)
- Isabel Gilles (WMBC Public Health lead)
- John Leach (WMBC Head of Neighbourhoods)
- Julie Haywood (Walsall Housing Group and Trustee Walsall Voluntary Action)
- Lawrence Brazier, Shared Services and Procurement
- Councillor Ian Shires (Portfolio holder and Liberal Democrat Group leader)
- Lesley Shorthouse (Walsall Voluntary Action)
- Lorna Prescott (Dudley CVS) re Case Study
- Maria Gilling, Walsall Community College
- Mark Fearn (WMBC Revenues and Benefits Senior Officer)
- Councillor Mike Bird (WMBC leader)
- Mike Tichford (WMBC Regeneration and Asset Management)
- Councillors Paul Bott and Peter Smith (Independent councillors)
- Paul Sheehan (WMBC CEO)
- Richard Bubb (WMBC interim manager Community Hubs)
- Rory Borealis (WMBC Resources Executive Director)
- Sarah Oakley (WMBC Community Development Officer)
- Shain Aktar (WMBC Youth Services Commissioning Officer)
- Steve Baylis (Sandwell CVO) re Case Study
- Tim Marren (CEO Walsall Voluntary Action)
- Councillors Tim Oliver & Sean Coughlan (Labour Group leader and deputy leader)
- Tracy Simcox (WMBC commissioning lead for Older People and Vulnerable Adults)
- WMBC Area Managers meeting
- WMBC Cabinet

**Stakeholder event attendees**

<b>Public Sector (all WMBC) - 9</b>	<b>Voluntary and Community Sector - 23</b>	
Alex Boys	Arren Lawrence	Matthew Nolan
Denise Perry	Carl Rice	Michelle Small
Cllr Ian Shires	Charlotte Thursfield	Mike Abel
Jamie Morris	Chris Haynes	Sally Ann Swift
Jay Patel	Claire Foulkes	Sally Orritt
John Leach	Dave Taylor	Sandra Adams
Lyndon Parkes	Dawn Bennett Wilson	Sharon Felton
Lynn Percival	Debra Mohammed	Sonia Tester
Sarah Oakley	Gita Patel	Stella Pettifer
	Joanne Baker	Wayne Palmer
	Julie Haywood	William Ellens
	Lesley Shorthouse	

### **Appendix 3: Case Study - Reviewing CVS (Ealing) capacity for Strategic Commissioning**

A core review regarding funding and resource issues of the VCS sector was conducted that had the following objectives:

- Achieving better services and outcomes for stakeholders;
- Improving financial stability for both sponsors and CVS organisations.

The relevant issues were seen to be:

- Whether greater use of commissioning would enable a more strategic approach to providing secure funding that would develop the infrastructure of the CVS;
- Whether commissioning would encourage greater partnership working and collaboration between different voluntary and community groups;
- Appropriate eligibility criteria for groups on Sponsorship agreements;
- The pros and cons of annual grant aid funding and how this is currently applied in Ealing;
- How the Council can support CVS involvement in consortia bids for major funds;
- How the Council can work with the CVS to improve knowledge of and mapping of sector activity and increase the effectiveness of local commissioning.

Three principal areas were identified that would enable increased funding security and consequentially develop the capacity of the CVS. These were:

#### **1. Database Information Review – CVS Mapping**

The key benefits for mapping local CVS activity were seen to be:

- Enhanced understanding of organisations focused on particular communities, localities, subject areas or user groups;
- Enhanced understanding of organisations that could potentially work together in developing consortia bids or achieving better local outcomes;
- Enhanced understanding of gaps in CVS service provision or community support;
- Enhanced understanding of where there is overprovision or duplication in services / activities;
- Enhanced understanding of the need for more infrastructure support services or networks;
- Enhanced understanding of the potential of the local CVS in delivering to Council and community strategic priorities;
- Enhanced understanding of community and voluntary groups which can be successful in commissioning and tendering processes;
- Enhanced member understanding of the full range of CVS activity in their wards which can support their community leadership role;
- Enhanced understanding of local groups that need to be involved in consultation exercises;
- Ability to target capacity building investment in those organisations contributing to priority outcomes in the area.

Ealing CVS had previously developed a “Volbase” detailing 800 community and voluntary organisations around the Borough. However, there were varying degrees of detail on both the geographical focus and activities of listed organisations. A short community mapping questionnaire was developed to facilitate structured information gathering for the database. This required organisations to briefly describe their main activities, provide contact details and also to classify their beneficiaries, activities and geographical focus from a list of choices:

- Main beneficiary or user groups (choice of 36 categories)
- Main activities and services (choice of 60 categories)
- Main geographical area of service focus (choice of 11 categories)

## **2. Funding Baseline Review**

The review pulled together information on the various main funding streams allocated to the CVS by the Council. These include annual grants budget allocations, longer term commissioning arrangements and also funding programmes from central government delivered through the Council individually or in partnership with other statutory agencies.

The level of Council wide funding supported a large number of groups covering the full spectrum of CVS activity, from the smallest scale community groups to the bigger, more established and professionally run voluntary organisations. This is a complex mix of short term and longer term funding opportunities that can be subject to changes in policy and strategic priorities. This complex funding environment can be bewildering for CVS and also officers, members.

### ***Access to external funding***

The Council currently part funds a Funding Manager and Community Accountant based at ECVS to assist groups with financial management and securing additional funding. The Council External Funding Team was seen as key in enabling this. The team would be developing a strategic framework for accessing external funding and would work with ECVS to develop and consolidate external funding support and partnership working with the CVS.

The recommended objectives for the External Funding Team are:

- Developing transparent frameworks for accessing and managing external funding and ensuring that submissions form part of a coherent strategy aligned with Council and LSP priorities and reflecting local need;
- Providing expert external funding advice and support to Council departments and key external partners;
- Organising bid development at local, national and international levels in liaison with council departments, the community, partner organisations and funding agencies;
- Securing funding streams to enable voluntary and community organisations to diversify funding bases;
- Improving the historical poor performance in accessing external funding by the borough e.g. Lottery funding;
- Establishing an External Funding Officers group involving the Council's External Funding Officers and ECVS funding workers to facilitate close liaison on external bid development and strategic approach.

## **3. A Strategic Commissioning approach**

In order to ensure Council officers have greater clarity on the suitability of these differing funding options, a "toolkit" has been produced for all officers involved in allocating grants, providing guidance and criteria on when it is appropriate to tender, commission or grant aid as summarised below. This reflects the Council's revised Procurement Strategy.

### ***Contracts via tendering: contracts are most appropriate where:***

- A definable service can be established;
- 100% funding for the service is provided;
- There are a range of suitable suppliers (i.e. a market exists);
- There is no difficulty over the ownership of the property/assets used to provide the service;
- Clear value can be obtained from a competitive process;
- There should be a de-minimus figure – say £100,000.

Formal tendering must comply with the Council's Contract Procedure Rules incorporating EU procurement regulations.

Although the formal route of competitive tender is a form of commissioning, by commissioning we mean a competitive bidding process where applications are considered against specifications for a range of priority services / activities over three or more years and where the amount of funding available is set for each specification at the outset. It differs from the formal tendering route in that it is a less bureaucratic and legalistic process.

***Commissioning is most appropriate where:***

- Organisations are multi-funded;
- They have premises from where the services operate;
- There is a need to negotiate and agree outputs and outcomes;
- Voluntary assistance would suggest a non-commercial activity.

***Grant aid is most appropriate for:***

- Small time-limited projects costing under £10,000
- 'Pump priming'
- Capacity development
- Self-help or mutual aid schemes that cannot be measured or specified easily
- Small-scale capital projects

At the heart of the matter is the issue of whether the Council should move away from a general annual grants budget towards longer term funding or commissioning arrangements with CVS groups. The advantages of multi year funding arrangements include:

- Reduction in the burden in submitting annual applications;
- A financially secure environment for CVS organisations;
- The Council can secure services on a longer term basis;
- Longer term planning possible for successful CVS organisations
- External funding is attracted due to security of committed funding;
- The process can proactively seek bids against specifications;
- Specifications can encourage by requesting joint bids;
- Positive relationships develop between the public & third sectors.

## **Appendix 4:**

### **Case Study - Commissioning Sefton Equalities Partnership to deliver for Partners**

Placing the community and voluntary sector at the heart of public service delivery is the approach that Sefton Equalities Partnership have taken in order to deliver better outcomes of

- promoting equality;
- delivering economic inclusion for all;
- reducing hate crime and promoting community cohesion;
- establishing diversity as an economic, social and cultural asset.

Sefton Council for Voluntary Services (CVS) was commissioned to deliver the Equalities and Diversity agenda across the Borough, for all partners

Sefton CVS was commissioned because:

- It has a unique set of networks already established, and the Local Strategic Partnership and Local Authority did not want to 'reinvent the wheel' by establishing alternative consultation and engagement mechanisms.
- It has a positive reputation throughout the Borough and trust in the organisation is high amongst diverse groups.
- It has a history of capacity building in enabling Community & Voluntary Sector to deliver services.

The delivery of effective employment and service outcomes, plus the engagement of stakeholders, is key to the creation of inclusive and cohesive communities. Embedding successful equality and diversity practice is paramount in achieving this. It was thought that no other organisation was appropriately placed to deliver borough wide outcomes.

This case study highlights that Sefton CVS was in a unique position to be 'fit for purpose' for the delivery of the Diversity and Equality agenda across the Borough of Sefton. For this to be in place organisations commissioned to do such work in other areas:

- Must have a successful track record of working with diverse communities that is recognised by both the public sector and the diverse communities themselves.
- Will need an infrastructure for consultation that is well embedded, plus an awareness of place change within communities due to fluidity.
- Must have people from the public sector who are willing to work in partnership with the third sector, and recognise the valuable contribution it can make. This may be facilitated by strong and committed leadership that recognises the value of the sector.
- Must have a robust organisational structure. The third sector is often dismissed as being 'unprofessional', even when the criticism is unjust. This entails having a relative financial security, which is often elusive. Being linked into the LAA enables this.
- Will need a history of capacity building amongst vulnerable and diverse groups. Members of such groups will not link into to consultation mechanisms unless there has been a history of support.

A Checklist for the creation of an Equalities Partnership is set out below as a guide to other areas:

- You should conduct a stakeholder mapping exercise in order to ascertain which organisations and individuals need to be engaged in order to move the equalities and inclusion agenda forward.
- You must make consultation accessible and effective by using appropriate premises, providing childcare and working outside office hours
- You should be aware that you may not get full engagement from all partners on every project, depending on what their organisational priorities are. You should seek to develop joint responses to the legislative requirements of partner agencies. As part of the stakeholder mapping exercise identify organisations that have similar legislative requirements in order to develop joint working in the future. This will involve the

development of a stakeholder communications strategy.

- You will need to get down to neighbourhood level in order to engage with organisations to identify the key equality, diversity and inclusion issues. This will help form a partnership that has buy in from key stakeholders. Engaging genuinely with community groups and individuals in a supportive manner is needed to secure involvement.

You must ensure that key strategic documents such as the Compact reflect the key equality and diversity priorities identified as part of the stakeholder mapping exercise. Without this there will be a lack of resources to sustain the agenda. This involves developing an equalities strategy that reflects legislative requirements, the human rights act, outcomes within the Local Authority Area eg as defined by the Community Strategy and Compact.



## Appendix 5:

### Case Study – New Economics Foundation / Northumberland County Council investing locally (making money ‘sticky’)

This case study is based on a year long collaboration between nef (the new economics foundation) and Northumberland County Council (2005). Its relevance to this report is to demonstrate the added value of local commissioning and buying of services. Northumberland used nef's Local Multiplier 3 (LM3) methodology to track the value of its local spending, to measure its impact - and how that impact could be increased. Although applied in the context of purchasing food stuffs, it has application with regard to the commissioning of all services.

Northumberland's research found that:

- In addition to the initial contracts, local suppliers in Northumberland re-spent on average 76 per cent of their income from contracts with local people and businesses, while suppliers from outside Northumberland spent only 36 per cent in the area.
- This means that every **£1 spent with a local supplier is worth £1.76 to the local economy, and only 36 pence if it is spent out of the area.** That makes £1 spent locally worth almost 400 per cent more.
- **A ten per cent increase in the proportion of the council's annual procurement spent locally would mean £34 million extra circulating in the local economy each year.**
- If councils across the UK made a ten per cent increase, it could mean an additional £5.6 billion re-circulating in local economies across the UK. This is a powerful and vital tool for Local Authorities who need to target the benefits of spending on disadvantaged areas.

Based on the results of their analysis, Northumberland used the renewal of the council's food supply contracts to increase their local impact. Food procurement has been the subject of much national debate recently, for example on the question of how little extra would be needed to substantially improve the nutritional standards of school meals. To improve local impact, Northumberland:

- organised seminars communicating contract needs to small and local suppliers, as well as those already supplying the council.
- linked local businesses with local business support services and altered the specifications for the tender to level the playing field, allowing local businesses to compete more easily.

*"This is the most robust large-scale test of LM3 so far. We surveyed nearly 400 local council contractors representing 70 per cent of the total council spend to reveal how much of the county's money gets re-spent locally, where money leaks out of the county and assess the value of every pound spent. The results, which measured the common economic benefits a contractor brings to the county, make it clear that local companies keep the money local for longer" NCC*

The result of the food contract tendering process was a fivefold increase in local suppliers expressions of interest, which resulted in four of seven product categories (meat, milk, bread, fruit and vegetables) being awarded to local suppliers - almost half the value of the county's £3 million food procurement budget. Breaking a contract into lots, as Northumberland did, allows local suppliers to enter the tendering process, and gives the contracting organisation a more customer focused and competitive service overall.

Northumberland found that developing stronger links with local suppliers also strengthened community spirit - the 'social glue' that holds communities together and plays an essential role in regeneration. There is more administrative work involved, but council officers found that this was repaid by the quantity and quality of the tenders received, and the community links developed.

**Notes:**

1. LM3 (the Local Multiplier 3) is a methodology that can be used by community organisations, business leaders, or government officials - to measure how much organisation, initiatives or spending impacts on the local economy. More importantly, LM3 enables people to identify where changes need to be made to improve that impact. LM3 takes its name from the Keynesian multiplier, which has been used since the early 20th century to measure how income entering an economy then circulates within it. The theory is that a change in income has a multiplied impact on that economy. nef has adapted it for use at the local level, and measures only three 'rounds' of spending: hence Local Multiplier 3.
2. Northumberland County Council Regeneration Division took the pioneering step of employing a full time staff member, to apply LM3 to the council's procurement spend, analyse its local economic impact, and work to improve that impact.

<http://www.neweconomics.org/press/entry/buying-local-worth-400-per-cent-more>

## Appendix 6

### Feedback as provided to the authors by Cabinet Members and the Council's Corporate Management Team – 4<sup>th</sup> December 2013.

- It is important to note that some of the recommendations in this report are operational and could be acted upon. Others would require more work. The recommendations at this stage **are for noting only**, to help inform future decision-making (ie they are not approved at this stage).
- More detail on outcomes will be required and measuring success.
- As part of the next steps partners should be approached in respect of their support to the sector.
- It is recognised that the sector needed to be strengthened in order to enable those organisations to access external funding.
- The report can be made available to all interested parties.