

**Voluntary, Community and Faith Sector – Future
Commissioning Arrangements
06 October 2015**

Report of Chief Officer (Governance)

PURPOSE OF REPORT				
To outline options with regards to the future provision of support to the Voluntary, Community and Faith Sector beyond current commissioning contracts which expire in March 2016				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
				X
Date of notice of forthcoming key decision				
This report is public				

RECOMMENDATIONS OF COUNCILLOR MARGARET PATTINSON

- (1) That Cabinet determine whether to invest in the delivery of key services by the Voluntary, Community and Faith (VCFS) Sector through:
- a) a one year extension to existing commissioning contracts to 31 March 2017, subject to budget requirements or;
 - b) a refresh of the commissioning framework and delivery plan commencing from April 2016 for a three year period, subject to an annual review of budget requirements, or;
 - c) withdraw support for the Voluntary, Community and Faith (VCFS) Sector commissioning, or;
 - d) develop a suitable grant funding arrangement, if/where appropriate

1.0 Introduction

- 1.1 For some years the council has invested in important services delivered by the voluntary, community and faith sector (VCFS), to improve the quality of life and the health and wellbeing of local people.
- 1.2 In January 2012, Cabinet approved a commissioning approach to replace Service Level Agreements providing a more robust method of determining the award of funding and clarity on outcomes being achieved that best meet the needs of the district.
- 1.3 The Council's Commissioning Framework was subsequently developed, defining commissioning as being, *"the process of specifying, securing and monitoring services to meet people's needs at a strategic level and in an efficient, effective, equitable and sustainable way"*
- 1.4 Since then, the *Ensuring Council* model has been adopted as the ethos of the Council and this is reflected in the 2015 – 2018 Corporate Plan adopted by Council in March 2015 including the principles of *'working with a range of service providers in a collaborative basis rather than through competition'* and securing *'value for money focusing on economy, efficiency and effectiveness'*.

1.5 The current Commissioning framework set out five key principles (citizen focused; value focused; working together; transparency; engagement) which formed the basis of engagement with a range of stakeholders and a review of the existing provision in the sector which identified gaps in delivery. This, in turn, helped to draw up a Commissioning and Delivery Plan to support procurement in the following four main areas of investment:

- **Advice and Information** - specialist advice and information services to help reduce levels of debt, poverty, personal distress and isolation; increase access to existing services and help reduce the need for other crisis services. The main aims being to focus on early intervention and prevention, helping to avoid crisis needs with the associated effect on the lives of families and individuals and reduce the potential need for mainstream and crisis services.
- **Infrastructure Support** - to help secure the future capacity of the VCFS to deliver important services in the district by supporting VCFS organisations to contribution to the development and resilience of the sector as a whole and to deliver assured services that are relevant to the needs of the district.
- **Volunteering Coordination** - to increase levels of volunteering in order to: increase the capacity of the VCFS to deliver services in the district and provide effective coordination of volunteers at a central point in support of a wide range of VCFS organisations.
- **Small Grants** – for the support and development of VCFS organisations and community groups; to protect or develop critical local services and test the feasibility of new local initiatives.

An underpinning objective was the achievement of improved social capital in the district by supporting local people, groups and organisations to take an active part in, and influence what happens in, their local area.

1.6 Procurement focused on deliverability, quality, value for money, sustainability and collaboration, with contracts being awarded to those organisations who successfully met the evaluation criteria. Subject to the annual budget process, contracts were for a three year period commencing 1st April 2013 with a total investment of £252,800 per annum. All of these contracts are now in their final year.

1.7 Budget and Performance Panel considered a report in February 2015 outlining the performance of the commissioning contracts to 31 December 2014 and highlighting the contribution that each has made towards the delivery of corporate plan success measures.

1.8 The report provided, in some detail, an insight into the changing nature of demand in the VCFS sector and positive feedback on the revised commissioning approach which partners feel is a more robust and transparent process than has previously been the case and provides more opportunities for open and honest dialogue. This has allowed for a better understanding of what is happening within the sector and more proportionate performance monitoring, as well as, an enhanced chance of value for money being realised. This work fulfilled the 'review element of the commissioning cycle as outlined in the Commissioning Framework (see below).

Since the establishment of the Lancaster Community Fund (Individual Cabinet Member Decision December 2013 refers) the Small Development Grants element of the commissioning funding has been administered by the Community Foundation for Lancashire. The grant funding arrangements are currently limited to the delivery of discretionary services and are of small value.

THE COMMISSIONING CYCLE



2.0 Proposal Details

- 2.1 It is now important to consider whether to continue within this cycle going forward, and if so to determine the next steps as the council moves back to the 'understand' stage ahead of any new potential arrangements.
- 2.2 In the 2015-2018 Corporate Plan reference is made to the VCFS, under the Community Leadership priority in which it details that:
"The council continues to support voluntary, community, faith, arts and culture groups and will work with these sectors to consider how together we can ensure important services for the district are delivered"
- 2.3 In addition there is a specific success measure outlining the council's intent to, *"Maintain working arrangements with voluntary, community, faith, arts and culture groups in support of key service delivery".*
- 2.4 In this context, Cabinet are asked to consider whether they wish to:
- extend existing commissioning contacts for a further year;
 - undertake a complete refresh of the commissioning framework and deliver plan for a three year period commencing 01 April 2016;
 - discontinue the commissioning of services from the VCFS;
 - develop an alternative grant funded system if/as appropriate and determine the approach going forward
- 2.5 Extending existing commissioning contacts for another year will enable organisations who are currently performing well and delivering corporate outcomes to continue for another year. This would also allow good working relationships to continue whilst staff, who will be responsible for the development and monitoring of commissioning contracts, develop their skills and capacity to take any future commission arrangement forward.
- 2.6 Should it be decided that commissioning as an approach should continue the existing Commissioning Framework will be revised and updated to ensure that it fits with the Ensuring Council ethos of the Council. Principally, this will include 'stewardship' of the social wellbeing of the local area and collaboration as an ongoing key component of the current Commissioning Framework. In due course, this will be supplemented by the development of a detailed Commissioning and Delivery Plan specific for the VCFS sector for April 2016 onwards.

- 2.7 The commissioning process involves intelligence gathering and carrying out a needs assessment being to identify services required; securing delivery of those services and monitoring and reviewing the delivery outcomes being sought. Services could also be delivered through a grant agreement with funding being subject to conditions that state how the grant should be used (for example to support the council's wider objectives in the social, economic or environmental welling of the area).

3.0 Details of Consultation

- 3.1 The nature of the commissioning contracts means that more ongoing engagement and consultation is taking place with the sector than under previous arrangements. The nature and scope of consultation over the forthcoming months will be dependent on Cabinet's decision on the way forward.
- 3.2 Consultation will also take place corporately to ensure that service delivery by the council and support to the sector are complementary.
- 3.3 In addition consultation will involve other potential providers of such services or funding opportunities, to ensure any proposals are complementary and add value. This could include, but is not limited to, potential co-commissioning and work with partners including Lancashire County Council, Morecambe Town Council and local public health bodies.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To extend existing commissioning contracts for one year to 31 March 2017	Option 2: To refresh the Commissioning Framework and initiate an updated Commissioning Plan for 2016 - 19	Option 3: To consider withdrawing support from the VCFS sector	Option 4: To consider delivering services through a grant funding arrangement
Advantages	Ensures that providers currently performing well continue to deliver corporate outcomes and services Allows good working relationships to continue whilst staff develop their skills and capacity to take any future arrangements forward.	Ensures the council builds on existing arrangements, past experience and intelligence to drive the delivery of outcomes that meet current and future demands in the district. Provides further opportunities to take advantage of the commissioning approach to reinforce positive engagement with partners	Potential to realise savings in future years (2015/16 budget is £252,800) and reduce resource requirements to carry out commissioning process that may protect other higher priority spending needs	Can be awarded subject to conditions requiring the achievement of specific outcomes May not be subject to complex procedure and procurement rules and appropriate where the council does not want a specific services delivered in a specified way but wish to support a particular activity or project.

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Advantages (continued)	Provides additional time to consider future levels of support in the context of competing demands and financial constraints	Secures longer term planning opportunities for delivery partners. Provides a robust framework in which to help demonstrate VFM, in accordance with statutory requirements		May be appropriate should Cabinet seek to reduce the amount of financial support available for VCFS
Disadvantages	Does not address longer term planning opportunities for the delivery of priority services Less of a fit with the Ensuring Council ethos	Requires staff and financial resources to undertake the commissioning process and deliver commissioned contracts Process needs to take account of significant changes in recent years including the impact of welfare reform and the ensuring council ethos Less of a fit with the Ensuring Council ethos	Requires staff resources to consult and manage any withdrawal. There would be adverse impact on meeting the needs of the district and future corporate plan expected outcomes would need to be amended.	Will not be possible to include specific delivery outcomes and needs or value for money objectives and requirements for the delivery of services. The recipient of the grant is only obligated to return the grant without having delivered the services funded by the grant. Requires staff resources to develop proposals and provide assurances on performance

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Risks	Possible concerns of current delivery organisations for the future support of the sector	May be insufficient internal capacity to carry out the engagement and development of the commissioning plan due to other council priorities. May prove unaffordable, if sufficient savings are not made in other areas. Funding to deliver the commissioned services may not be available resulting in a withdrawn or reduced delivery of services.	May result in legal challenge, so imperative that Council undertakes appropriate consultation and an equality impact assessment. A lack of support mechanisms elsewhere in the district may result in an increased demand for council support and a reduction in the wellbeing of vulnerable residents	May be insufficient internal capacity to develop arrangements and realise assurances on performance in line with the Council's statutory obligations regarding VFM (continuous improvement) and procurement. Service delivered may not meet an identified need and not represent value for money

5.0 Officer Preferred Option (and comments)

- 5.1 A balance need to be struck between the advantages and disadvantages of commissioning versus grant funding. The council has a legal obligation for continuous improvement and value for money. In light of this, and in the context of competing demands and priorities and uncertainty around affordability, the officer preferred option is to extend existing commissioning contracts to 31 March 2017, subject to available funding, with the advantage that this will maintain delivery of services for another year whilst further consideration is given to continuous improvement and value for money in the investment of VCFS services in the future.

6.0 Conclusion

- 6.1 Over the last few years the council has invested in important VCFS services to improve the quality of life and the health and wellbeing of local people based on the needs and opportunities prevalent in the district at the time.
- 6.2 A review of the performance of the commissioned contracts has demonstrated a significant contribution towards the delivery of key services and Corporate Plan outcomes and have highlighted a number of areas where the demand for such services has changed and increased over the period. These contracts are due to end on 31 March 2016.
- 6.3 Members are asked to consider whether they wish to approve ongoing investment in the delivery of key services by VCFS, from 01 April 2016 for another year, subject to the annual budget process, through either a commissioning framework or a grants policy and delivery plan that reflects the ongoing and changing need for such services.

RELATIONSHIP TO POLICY FRAMEWORK

The 2015-2018 Corporate Plan makes reference to ongoing support to the Voluntary, Community and Faith Sector, with outcomes concerning this under the 'Community Leadership' priority. The current Commissioning Framework and Delivery Plan are in line with the Corporate Plan and council's Ensuring Council ethos

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

Any activity in relation to the support of this sector looks to ensure that the most vulnerable residents in the district are supported. Equality is a feature of the Commissioning Framework to ensure that both the process, and outcomes from it have only positive impacts.

LEGAL IMPLICATIONS

The current contracts with providers clearly state that they will come to an end on 31st March 2016. This report is seeking to determine a direction forward for support of the sector and as such is not proposing any firm legal commitment at this time.

FINANCIAL IMPLICATIONS

2015/16 is the third and final year of the current commissioning contracts, with the budget for the year being £252,800. Any continued support for the sector in terms of commissioning or grant programme would be dependent on available budget and outcomes considered in terms of their value against competing pressures on the council.

OTHER RESOURCE IMPLICATIONS

Human Resources: Should a commissioning approach be followed development of the Commissioning Framework and Delivery Plan; engagement during the commissioning process and subsequent support activities and performance monitoring arrangements will be provided by Human Resources & Organisational Development within existing staff resources.

Information Services / Property / Open Spaces: None directly arising from this report other than procurement of the services being facilitated through the online tendering system, *The Chest* and the fact that the organisation currently receiving the largest amount of funding rents a commercial premises from the Council.

DEPUTY SECTION 151 OFFICER'S COMMENTS

Cabinet is advised to consider future levels of support to VCFS in context of other competing demands and priorities and what is affordable. At the present time Cabinet is unlikely to have a clear picture of these factors, and so it should be acknowledged that even if Cabinet wishes to maintain current investment in VCFS services, there is the risk that this may ultimately prove unachievable.

If Cabinet is minded to maintain current levels of investment, the Deputy Section 151 Officer would advise Members to give due consideration to the relative advantages/disadvantages of the various options as regards their ability to meet procurement regulatory requirements and to deliver continuous improvement and value for money, in line with the Council's statutory obligations.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

none

Contact Officer: Bob Bailey,
Performance Manager
Telephone: 01524 582018
E-mail: rbailey@lancaster.gov.uk
Ref: VCFS Commissioning