

CABINET

Commissioning Arrangements for Arts and Voluntary, Community and Faith Sector Services 6 November 2012

Report of Head of Community Engagement

PURPOSE OF REPORT			
To propose commissioning arrangements to support the voluntary, community and faith sector in delivering services to meet current and emerging local needs and to recommend a timetable for Arts commissioning following the publication of the Arts Strategy for the district.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
			Referral from Cabinet Member
Date Included in Forthcoming Key Decision Notice			8 October 2012
This report is public			

RECOMMENDATIONS OF HEAD OF COMMUNITY ENGAGEMENT

It is recommended that:

- (1) The Commissioning Framework for Arts and Voluntary, Community and Faith sector services is approved
- (2) Commissioning of Arts sector services is undertaken following the publication of the Arts Strategy in early 2013 and that existing Arts Service Level Agreements remain in place for the next twelve months
- (3) Investment in VCFS services for the three year period from 2013 – 2016 is focused on:
 - support for VCFS organisations
 - volunteering coordination
 - advice and information services and
 - small development grants
- (4) Indicative sums are agreed for each of these services, subject to final confirmation as part of the budget process
- (5) Subject to the introduction of a small development grants scheme, the council's Welfare Grants Scheme is now removed.
- (6) Final decisions on service delivery are determined as part of the procurement process and in line with the council's Contract Procedure Rules
- (7) That the General Fund Revenue Budgets are updated accordingly as part of the 2013/14 Budget Process.

1.0 Background

- 1.1 In January 2012, Cabinet considered a report recommending an approach to take forward commissioning arrangements for Arts and Voluntary, Community and Faith sector (VCFS) services (*Minute 76 refers*). Cabinet made a number of resolutions and in particular:

“That the Council continues to develop joint approaches with other funding partners, where possible, including Lancashire County Council, to achieve efficiencies and maximise impact of funding.”

“That the Council continues to develop partnership working arrangements with the Arts and the Voluntary, Community, Faith sectors, to support service delivery in the district and to achieve efficiencies.”

and also

“That the Council works with Arts and Voluntary, Community, Faith sector partners to develop commissioning frameworks to secure important services for the district and to provide robust arrangements for management of the related funding provided by the council.”

- 1.2 Arts and VCFS commissioned services potentially assist in the delivery of all four of the council’s Corporate Plan Priorities and a range of Outcomes but in particular “*VCFS have capacity to deliver services for the district*” and “*The district’s cultural, retail and tourism offer is maximised*”.
- 1.3 This report provides detailed proposals to take VCFS commissioning forward with the development of detailed service specifications and procurement of services to allow contractual arrangements to be in place from April 2013. These arrangements will replace the current SLA’s (Service Level Agreements) that have been in place for some years with a small number of VCFS organisations and which will now end in March 2013. Some excellent work has been undertaken but local needs are changing over time. Bearing this in mind, it is right to review what services are most needed and which will have the greatest impact and to commission services fairly and transparently to meet those needs.
- 1.4 Early work in relation to Arts sector commissioning is underway but the prioritisation of services will depend upon the focus and priorities within the district wide Arts Strategy, which is due to be published in early 2013. In light of this, proposals are made in this report regarding appropriate timescales for commissioning for arts, sports and leisure activities over the next twelve months. This would mean that assessment and engagement work would take place from April to October 2013 and proposals would be prepared for Cabinet’s consideration in autumn 2013 to align with the budget process. Following this, an Arts Commissioning Plan can be implemented and commissioned services commence by April 2014.

Locality based commissioning

- 1.5 The commissioning approach that has been developed is essentially Locality Based Commissioning, meaning that it is focused on services within the district with the council’s own investment. Over time, it is likely that more strategic commissioning, where joint investment with other funders occurs, will become more and more feasible. At this stage, alignments between services have been identified as well as specific opportunities to add value and achieve efficiencies, particularly relating to Lancashire County Council funding.

Needs, Opportunities and Market factors

- 1.6 Commissioning is different to procurement in that it relies on a strong understanding of needs, opportunities and the provider market, which is gained by ongoing communications and engagement with those that benefit from and deliver services. This helps to steer investment towards those services that can add value and achieve the maximum impact.
- 1.7 A number of pieces of work have been undertaken to gather together facts and information and also to understand the perceptions of those working on a day to day basis with individuals and communities and with the service providers themselves.
- 1.8 A Local Assessment has been prepared, which draws together available information on the district's demography, economy, trends and opportunities. The Local Assessment is attached at **Appendix A**.
- 1.9 Engagement and communication in variety of ways are ongoing features at all stages of commissioning and assist in gaining the understanding that is required to focus investment on the most important services that will have the most impact. This approach also helps to capture learning from experience and can inform future investment proposals.
- 1.10 To inform the proposals in this report, engagement work has also been undertaken in the form of two well attended listening events where questions were asked of 44 service providers and members of the community about:
 - Current and emerging needs of local people
 - Gaps in provision
 - Successes and what works really well
 - Opportunities to work together
 - What a future thriving voluntary, community and faith sector looks like
 - What is needed to help this to happen
- 1.11 Outcomes from the listening events are available as **Appendix B** to this report. In summary, the key findings, from both this and the Local Assessment are as follows:
 - Important influencing factors are complex but include changing demographics particularly a rapidly increasing number of over 65's in the district and economic factors affecting employment and income. Further public sector budget cuts along with Welfare Reforms are expected, the effects of which are not yet fully understood.
 - Demand across a very wide range of services is high and indications are that demand will increase exponentially in future years. Increased demand is apparent in respect of basic needs such as food, warmth, shelter and mobility. The need for debt advice remains high and demand for impartial advice and information services has increased with further significant increases expected, particularly in respect of benefits and employment. There is general recognition that early intervention and prevention can be effective in reducing future needs. Some service providers believe that building on success by doing more of what works well is likely to become increasingly important as funding contracts.
 - The VCFS sees a widening gap between increasing levels of need and reducing statutory provision, creating a potential call on VCFS services that is higher than ever whilst the sector's funding is reduced.

- VCFS partners tell us that to meet current and future challenges, they would like to see more coordination and joint working, better sharing of information and communication across the sector and with public sector partners, help to develop skills and capacity including tendering and contracting for services and to identify other revenue income. VCFS partners also tell us they wish to retain their independence, to provide challenge to policy makers and to inform policy and service development. Current very limited infrastructure support is under threat limiting opportunities to support the development of the VCFS in this way.
- Volunteering coordination was identified as a vital element of capacity in the sector with many, if not most, organisations dependent on volunteer time to run their services. However, there are no central arrangements to provide coordination, recruitment, training and vacancy management that could help to provide more trained volunteers in a way that is efficient and effective. Lancashire County Council has identified volunteer coordination as important for the capacity of the VCFS as well as creating opportunities for individuals and will invest on a limited basis to help provide volunteer coordination in each of the districts.

2.0 Proposal Details

- 2.1 The proposed Commissioning Framework document covers the key elements of the recommended commissioning arrangements for VCFS and Arts services. This includes details of the stages in the commissioning process, **Understand, Plan, Do** and **Review**, and how they are undertaken. Commissioning arrangements have been developed around some guiding principles to ensure that the investment is **Citizen focused, Value focused, Engaged**, encourages **Working Together** and is **Transparent**.
- 2.2 It is recommended as part of this report that the draft Commissioning Framework is approved as the guiding document for the council's commissioning arrangements for the Arts and VCFS services. The Commissioning Framework is attached at **Appendix C**.
- 2.3 Regarding VCFS commissioning, significant work has now taken place and this report provides proposals for new arrangements to be in place by April 2013 for a three year period.
- 2.4 There are various ways in which the council can invest but funding is very limited. There is an estimated 600 plus VCFS organisations in the district delivering some very valuable services for local people across a wide range of issues. Clearly, it is not feasible to directly fund services at this level across the sector. Equally, budgets are not available to provide increased levels of services to meet current increasing demand, so it is necessary to achieve a greater impact by working smarter, more collaboratively, focusing on priorities and investing to achieve the greatest impact. To ensure this, it is suggested that the following applies:
 - Services supported should help to deliver the council's Priorities as detailed in the Corporate Plan
 - Services supported should add value, complement or meet a gap in provision but not duplicate existing statutory or mainstream services
 - Focus should be on outcomes to be achieved rather than on specific services or organisations
 - Investment should occur at a level that achieves the maximum impact for the widest possible group of beneficiaries
 - Where possible, a focus on early intervention and preventative services in order to reduce future demand

2.5 Based on these themes and the findings of the Local Assessment and the engagement workshops, the services proposed as those for investment for the three year period from 2013-2016 are included below in **Table 1** but briefly comprise:

- **Infrastructure support** for the VCFS to help secure the future capacity of the sector to deliver services in the district. This is an area where a relatively small investment can support the needs of a large number of VCFS organisations and achieve a significant impact on service delivery, standards and sustainability.
- **Volunteering coordination** as a means of providing an efficient way to increase volunteering and community involvement, assisting a wide range of organisations that require this support to deliver their services. Lancashire County Council funding via One Lancashire are prepared to invest a very limited amount of funding for volunteering coordination in each of the districts and it is proposed that any contribution from the council is invested alongside this to secure a basic level of service for this district.
- A range of **specialist advice and information services** to help reduce levels of debt, poverty, personal distress and isolation, to increase access to existing services and to help reduce need for other crisis services. This is an area of critical need that is expected to increase over the next few years. A reduction in advice and information services that provide early support and access to preventative routes, seems likely to lead to increased demand for crisis interventions from both statutory and VCFS services.
- **Small development grants** to help to support VCFS organisations to protect or develop critical services. Existing funding for this type of support will cease during early 2013 but can be an excellent way to increase the long term sustainability of VCFS organisations. A small fund is recommended to support cases where exceptional benefits in line with current demands can be achieved. Taking account of this, it is proposed that the council's very small Welfare Grants Scheme is now removed but that Lancashire County Council is requested to continue its contribution via the proposed new scheme.

2.6 These proposals provide a means of supporting many individuals or families and VCFS organisations either directly or indirectly but focus investment at a more strategic level to try to ensure that the impact is widespread.

2.7 The proposals will mean that not all organisations currently receiving support from the council via SLA's, as identified in Appendix D, will continue to do so. However, there is significant opportunity for collaboration and it is expected that some organisations providing high priority services will be engaged in these arrangements where their expertise is required, although there may be a lead partner taking a coordinating role. Council officers will engage with partners to try to facilitate collaborative arrangements where required.

Levels of investment

2.8 Current investment in both Arts and VCFS Service Level Agreements is **£481,900**. Budgets for the current year for the Arts/ Sports/ Leisure SLA's total **£213,900** in respect of grants with a further **£25,500** for rent contributions. In current year budgets, VCFS SLA's are supported by **£228,300** with a further **£14,200** being transferred internally as rent contributions for council premises. A further contribution of **£2,000** is made for Welfare Grants matched by £2,000 from Lancashire County Council.

- 2.9 It is proposed that the existing SLA's with Arts/ Sports and Leisure organisations are maintained for the next financial year in order to allow commissioning arrangements to fall into place following the publication of the Arts Strategy in early 2013.
- 2.10 In respect of VCFS support for the period 2013 – 2016, proposed services are identified in **Table 1** but options for the way investment is allocated are covered in more detail in the Options Analysis.
- 2.11 In terms of the level of investment, Cabinet will wish to consider whether the overall budget for VCFS can be maintained at current levels and also whether to include an inflationary increase on existing budgets or whether to set budgets at a fixed level for the full three year period, achieving a total saving of £12,700. Projections provided show potential allocations across the four proposed areas for support based on current 2012 -13 budget figures without an inflationary increase.
- 2.12 Not all organisations that currently receive support will continue to do so and they have been advised of this and that arrangements for 2013 onward have yet to be determined. The proposals for investment in services aim to include specialist providers in collaborative agreements where this is relevant. An important objective is to create benefits and possible savings for a wider range of organisations by providing them with access to support and some coordinated services that can be managed more centrally.

Commissioning Plan and process

- 2.13 The Commissioning Plan for agreed VCFS services will be developed following Cabinet's resolutions and will comprise details of services to be supported, level of investment, timescales and performance management arrangements. The indicative timescales are as follows:

Milestone	Dates
Cabinet decision	6 November 2012
Detailed service design in consultation with specialist partners	6 November – 30 November 2012
Publication of Commissioning Plan and service specifications	14 December 2012
Deadline for submission of bids proposals for service delivery	25 January 2013
Assessment of proposals (member involvement)	w/c 4 February 2013
Contractual arrangements in place	1 April 2013
Contract monitoring / performance management	Ongoing

Procurement of services will be undertaken in line with the council's Contract Procedure rules.

TABLE 1

Proposals for commissioned services 2013 – 2016

Lancaster City Council Corporate Outcomes

◆The voluntary, community and faith sector has capacity to deliver services for the district◆Local communities are actively working with partners to improve where they live in ways that matter to them◆Efficiency savings and service improvements achieved through joint working and shared services◆Impact of welfare reforms managed well to avoid any unnecessary impact on local communities

Services	Objectives	£'s pa	Services	Additional requirements/ comments
VCFS Infrastructure services	<ul style="list-style-type: none"> To provide a central point for VCFS advice, information and support To assist VCFS organisations to develop strong and efficient business models for the future 	£25,000	<ul style="list-style-type: none"> Training Business advice and development Development of shared services/joint resourcing Developing tendering and contracting capacity Sector quality standards Research and data provision Communications across the sector Grants and trusts Liaison with public sector partners Monitoring changes and sector development 	<ul style="list-style-type: none"> Collaborative approach between a small number of infrastructure agencies with a lead agency providing coordination. Requires that infrastructure bodies operate at a level that means they can support but are not in competition with the organisations they assist. Requires a focus on support for high demand / critical services which may change over time
Volunteering coordination	<ul style="list-style-type: none"> To increase levels of volunteering in the district To provide efficient, effective coordination of volunteers at a central point 	£15,500	<ul style="list-style-type: none"> Volunteer information and publicity Recruitment Training and support for volunteers and volunteer managers Relevant checks Vacancy management IT and all information requirements Development of quality standards Monitoring the value and impact of volunteering 	<ul style="list-style-type: none"> To be provided as match funding for Lancashire County Council contribution via One Lancashire to support volunteering coordination in Lancaster district Collaborative approach between infrastructure agencies and partners with a lead agency providing coordination Support for VCFS organisations and community groups to recruit and manage volunteers
Advice and information	<ul style="list-style-type: none"> To provide accessible advice and information services To reduce levels of debt, poverty, personal distress and isolation To reduce demand for crisis interventions 	£190,000	<ul style="list-style-type: none"> Specialist advice and information, such as Debt advice, basic needs and crisis advice, including food, housing, personal care, Disability and mental health Access to services information Liaison with public sector and VCFS Training Ensuring quality service standards Monitoring changing levels and types of demand 	<ul style="list-style-type: none"> Requires a collaborative approach between specialist agencies with a lead partner taking the coordination role Needs to take account of predicted huge increase in demand Focus on early intervention and prevention Requires extensive volunteering support
Small grants	<ul style="list-style-type: none"> To support development of VCFS organisations To protect or develop critical services 	£12,500	<ul style="list-style-type: none"> Grants to support sustainability of VCFS organisations, skills and development of new capacity Grants to support design, testing and development of new services to meet identified needs 	<ul style="list-style-type: none"> To provide limited support to meet gap created as similar schemes end in 2013 Management agency to be selected via relevant processes

3.0 Details of Consultation

- 3.1 Consultation with VCFS partners has been ongoing over the last two years with members and council officers engaging in discussions on a range of sector issues, including the development of the council's commissioning arrangements. A broad understanding of current issues has been gained and this has been added to by two specific workshops that were undertaken in September, the results of which have informed the proposals in this report.
- 3.2 All organisations with existing SLA's with the council have been engaged in discussions regarding potential commissioning arrangements.
- 3.3 In addition, dialogue and engagement with Lancashire County council has taken place and areas for joint working and investment are emerging. The proposals for joint investment in volunteering coordination have arisen as a direct result of this.

4.0 Options and Options Analysis (including risk assessment)

	<p>Option 1: Council investment for VCFS is focused on sector support, volunteering coordination, advice and information services and a small grant scheme</p>	<p>Option 2: Modifications are made to the proposals, linked to community and sector needs</p>	<p>Option 3: Do Nothing</p>
<p>Advantages</p>	<ul style="list-style-type: none"> • Of the options available, these meet needs and opportunities identified as part of the engagement and Local Assessment work • These offer most potential to achieve high impact for the level of investment possible. • These help to provide early intervention and preventative actions to reduce the need for other VCF and public sector services. • Support will be available to a wide range of sector organisations rather than limited to a few. • Supports better forward planning for service delivery. 	<ul style="list-style-type: none"> • Dependent on modifications made. 	<ul style="list-style-type: none"> • Some officer time saved in 2012 – 2013 as procurement processes would no be required.

	Option 1: Council investment for VCFS is focused on sector support, volunteering coordination, advice and information services and a small grant scheme	Option 2: Modifications are made to the proposals, linked to community and sector needs	Option 3: Do Nothing
Disadvantages	<ul style="list-style-type: none"> Some support may be necessary to help organisations move to more collaborative models of service delivery. 	<ul style="list-style-type: none"> Dependent on modifications made. 	<ul style="list-style-type: none"> Process for allocations of grant is less transparent as current SLA's have been in place for some years. Current SLA's are not designed around current needs and opportunities although do make a useful contribution. Value for Money and overall impact reduced. Opportunity to underpin wide support structures for VCFS will be limited. Opportunities for more collaboration likely to be limited.
Risks	<ul style="list-style-type: none"> Services recommended will require other funding support, which may be at risk in the future as funding contracts. Mitigation includes service efficiencies, joint working and revenue income generation. 	<ul style="list-style-type: none"> Dependent on modifications made 	<ul style="list-style-type: none"> Less clarity around current investment arrangements, the council's objectives and procurement processes.

5.0 Officer Preferred Option (and comments)

5.1 The officer preferred option is Option 1 as this reflects the findings of the Local Assessment, the engagement workshops and also provides the most efficient and effective way of maximising impact by providing benefits across the VCFS and supporting a very wide range of services indirectly.

6.0 Conclusion

6.1 The council has taken steps towards introducing the commissioning arrangements proposed in this report over the last two years. A detailed review of current SLA's, an assessment of local needs and opportunities and communications and engagement work with the VCFS have been undertaken, leading to these proposals. The recommendations provide a means of steering the council's investment in VCFS services to achieve the maximum impact linked to current needs and opportunities in the district. In addition, they will provide clear, transparent arrangements that focus on Value for Money and Impact and support the principle already agreed by Cabinet at earlier meetings.

6.2 Specific steps have been taken to work with Lancashire County Council with the potential to invest jointly providing a more strategic investment in some services.

6.3 This report recommends that Arts commissioning take place following the publication of the Arts Strategy in early 2013.

RELATIONSHIP TO POLICY FRAMEWORK

Proposed commissioning arrangements fit with Corporate Plan priorities and Outcomes as follows:

- The voluntary, community and faith sector has capacity to deliver services for the district
- Local communities are actively working with partners to improve where they live in ways that matter to them
- Efficiency savings and service improvements achieved through joint working and shared services
- Impact of welfare reforms managed well to avoid any unnecessary impact on local communities

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The proposals potentially impact on a wide range of people and organisations. The work undertaken to understand local needs and the VCFS issue and opportunities has helped to inform the proposals, which seek to have a positive impact within the limits of the funding available.

LEGAL IMPLICATIONS

Contractual arrangements with VCFS partners will need to reflect the council's requirements in line with normal requirements.

FINANCIAL IMPLICATIONS

The current approved budget in 2012/13 for VCFS Service Level agreements totals £242,500 including two rent contributions and these figures have been used in the report for illustration purposes to demonstrate how the total amount would be split across the different areas of the VCFS Sector.

An inflationary element of 2.0% was included in budgets for future years as part of the 2012/13 budget process and Cabinet may wish to consider whether inflation should be

applied to future years or grant levels kept at the same level as 2012/13. If the decision were taken to keep grants at the 2012/13 level there would be a total saving of £12.7k against current approved budgets.

Ongoing review and monitoring of the Commissioning Framework by the Partnerships Team will continue with ongoing support from Financial Services and Legal Services, where appropriate, throughout the process.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Staff capacity is required for the procurement of services and ongoing engagement and performance monitoring of service contracts

Information Services:

No direct implications from this report

Property:

Currently two allocations are made to VCFS organisations in respect of rent of council premises, although this is inconsistent in that this support is not available to other organisations in the same way. Current council policy is to achieve market values for its properties and the council would be required to charge tenants in line with this.

Open Spaces:

No direct implications from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 officer has been consulted and has no further comments

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

None

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