

Appendices



Item No.

8

CABINET REPORT

Report Title

Commissioning from the Voluntary and Community Sector

AGENDA STATUS:

PUBLIC

Cabinet Meeting Date:	27 July 2011
Key Decision:	NO
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Chief Executive
Accountable Cabinet Member:	Cllr Michael Hill
Ward(s)	all

1. Purpose

- 1.1 This report proposes a response to the recommendations made by the Overview and Scrutiny Committee concerning commissioning from the voluntary and community sector.

2. Recommendations

Cabinet is recommended to:

- 2.1 Agree recommendation 1 but with the task of developing a draft commissioning framework such that it is refocused on promoting the use of grants as well as commissioning , and with an emphasis on developing a relationship through dialogue with local Voluntary and Community Sector (VCS) providers to shape services such that they meet both the Council's and VCS organisations' objectives;.
- 2.2 Agree recommendation 2 of the Overview and Scrutiny report, to manage the process of change to new or revised arrangements but to involve both grants

and commissioning, acknowledging that this may need to be introduced in stages;

- 2.3 Agree recommendation 7 of the Overview and Scrutiny report, that in order to identify outcomes to be commissioned in a particular service area, the Council and the VCS should work together where appropriate to assess needs;
- 2.4 Agree recommendations 3 to 6, 8 and 9 of the Overview and Scrutiny report.

3. Issues and Choices

3.1 Report Background

- 3.1.1 Cabinet received a report from the Overview and Scrutiny Committee on 25 May 2011, which contained the conclusions of that Committee's 'Panel E' regarding commissioning services or outcomes from organisations in the voluntary and community sector. Cabinet asked for a report back on the implications of Overview and Scrutiny's recommendations.
- 3.1.2 The Overview and Scrutiny work was undertaken following Cabinet's decision on 5 August 2009 to

"introduce a commissioning system to procure benefits for the community through the Third Sector¹, as outlined in the report..."

3.2 Issues – Commissioning Framework

- 3.2.1 The first recommendation of the Overview and Scrutiny report is that

"The consultation draft of a Commissioning Framework for the Voluntary and Community Sector be developed by a Partnership Working Group made up of representatives of the Council, CEFAP², and the Voluntary and Community Sector (VCS)"

The draft Framework is the heart of the report, and is attached to this report for reference. It is presented as a consultation draft, to be discussed widely in the community along with its equality impact assessment. Cabinet is not being asked at this stage to approve the Framework, but rather to agree to the draft being developed through consultation with a view to a further report whether it is happy to use this document as a starting point.
- 3.2.2 A key concern is that a Framework of this type could be, or appear to be, excessively bureaucratic. It may be seen as excessive when the sums of money involved are relatively small. If so, this might lead to smaller or more local organisations losing out on opportunities. It could also involve the Council in expensive and time-consuming processes which are not justified by the sums of money involved.
- 3.2.3 It does appear that the draft Framework could present an intimidating appearance to less 'professionalised' organisations. Although the use of grants rather than contracts is covered in sections 1.3 and 4.1, the balance is

¹ The term 'Third Sector' is no longer used. This report uses the term 'Voluntary and Community Sector' (VCS) with the same meaning.

² CEFAP – The Community Enabling Fund Advisory Panel, a councillor and VCS representative advisory group on grants.

weighted towards formal contracts. Refocusing the framework to promote the use of grants, and with an emphasis on developing a relationship with local VCS providers to shape services such that they meet both the Council's and the VCS organisation's objectives, might create a better balance.

- 3.2.4 In conclusion, it is suggested that the proposed working group be appointed, and directed to develop the framework to place greater emphasis on grants, following dialogue with appropriate VCS organisations.

3.3 Issues – Other Recommendations

- 3.3.1 The second recommendation is that

“Cabinet manages the process of change from grants to commissioning, acknowledging that transitional arrangements may be required”

This recommendation is intended to guard against a sudden change which causes unforeseen damage to the Council's interests, the health of the voluntary and community sector, or the public. It recognises that 'traditional' grants will be phased out in most cases, but not necessarily in one single act.

The recommendation assumes that commissioning will replace grants. This is not likely to be the case, both because commissioning includes the award of grants, and because it is suggested that grants will continue to form a significant proportion of the Council's financial relationship with VCS organisations. However, it is appropriate to recognise that any change in these relationships will need to be introduced carefully and with effective engagement.

- 3.3.2 The third recommendation is that

“it is ensured that technical and professional advice and support is available to Voluntary and Community organisations to enable them to take a full part in the commissioning process. Advice could be provided through the Local Infrastructure Organisation or other organisations supported by Northampton Borough Council”

Since it is in the Council's interest that the new arrangements work well, it is appropriate that the Council supports organisations as far as it can within the resources available. The Council already provides financial support to the Local Infrastructure Organisation, whose role is to support community and voluntary organisations in their development. In the course of particular commissioning exercises the implication is that the Council's service managers will work with the Sector to help them to understand the Council's requirements. So long as there is recognition that there is unlikely to be additional funding available for this support, this recommendation should be uncontroversial.

- 3.3.3 The fourth recommendation is that

“the Scrutiny Panel believes that a Small Grants Fund is essential and therefore reminds Cabinet of its decision of 5th August 2009 to introduce a Small Grants Fund”

Recommendation 4 refers to a previous Cabinet decision, not yet implemented because of budgetary pressures, to “introduce a small grants fund, drawn from the existing grants budget, to be administered on this Council’s behalf by the Northamptonshire Community Foundation”. It is proposed that Cabinet accept CEFAP’s recommendation that the additional £50,000 approved during budget setting should be used for this purpose, and the appropriate processes are being developed. The recommendation does not actually ask for any change.

3.3.4 The fifth recommendation is that

“the Council works with Northamptonshire County Council and other Local Authorities and Health Commissioning bodies to align processes for applications for funding and/or contracts”

This recommendation repeats an often raised plea that funders work together more closely. ‘Aligning’ processes would need to be defined; timing and priorities may be different but many procedures could be standardised.

3.3.5 The sixth recommendation is that

“Cabinet agrees the requirement to include within the Corporate Service Planning process an obligation to consider opportunities to commission services from the VCS”

This recommendation is meant to ensure that opportunities are considered as an integral part of business planning. The Framework therefore needs to be suitable for managers to use as they prepare service plans. These already include a section on alternative delivery models, to which the Framework could be linked. ‘Commissioning’ here needs to be understood in the widest sense, to include the award of grants.

3.3.6 The seventh recommendation is that

“in order to identify outcomes to be commissioned, where appropriate, the Council, together with the VCS undertakes an Assessment of Needs”

Recommendation 7 could be ambiguous. An essential element of true commissioning is the process of identifying need. This does not have to mean that an overall assessment of all the Borough’s needs should be undertaken, an almost impossible task. Rather, discussions should take place on a service-by-service basis between appropriate officers and relevant VCS organisations, to establish a shared understanding of what needs to be achieved.

3.3.7 The eighth recommendation is that

“expertise, knowledge and skills in commissioning be included within the skills base requirement for the Authority”

This recommendation recognises that new skills will be needed within the Council (and the Voluntary and Community Sector), and that our People Plans should reflect the need to acquire and develop those skills. The same skills will apply to commercial commissioning such as traditional outsourcing. As such, having the appropriate skills will be important to this Council.

3.3.8 The ninth and final recommendation is that

“Cabinet reaffirms this Council’s commitment to the Northamptonshire Compact”

Recommendation 9 gives Cabinet the opportunity to reaffirm commitment to the Sector, which is a worthwhile exercise in building and sustaining the relationship – many Councils are accused of ignoring the commitments they have historically made in local Compacts with the Sector.

3.4 Choices (Options)

- 3.4.1 The most significant options are around the first recommendation. They are to
- 3.4.2 Accept the overview and scrutiny recommendation in full. Not recommended. Although the Framework is only a consultation draft, approving it in the current form for consultation would give the appearance of wishing to introduce a more onerous process and replace grants with formal contracts. Although this is not strictly what the Framework says, it risks creating unnecessary concern within the voluntary and community sector.
- 3.4.3 Set up the working group as recommended, with the task of developing the framework as suggested in paragraphs 3.2.3 and 3.2.4 above before consulting on it. Recommended. This would help to ensure that the final result is as effective as it can be, and that more respondents from a wider variety of organisations feel confident in contributing to the consultation.
- 3.4.4 Reject the overview and scrutiny recommendation. Not recommended. The arguments for improving and clarifying the relationship between the Council and those VCS organisations that it funds, as made in the 2009 Cabinet report, is still strong. A good framework will cover both the areas within the existing Partnership Fund and any major procurement exercises where the VCS is likely to be a potential provider.
- 3.4.5 Among the other recommendations the options are to accept, modify or reject what overview and scrutiny have proposed. Most are common sense and uncontroversial, and so the recommended option is to accept them.
- 3.4.6 The second recommendation could usefully be amended to remove the suggestion that grants are to be phased out. A form of words would be *“Cabinet manages the process of change to new or revised arrangements, acknowledging that this may need to be introduced in stages”*.
- 3.4.7 The seventh recommendation could usefully be reworded to make clear that collaborative assessment of need should be done for individual services or outcomes. Suggested wording is *“in order to identify outcomes to be commissioned in a particular service area, the Council and the VCS should work together where appropriate to assess needs”*.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 When adopted, the Commissioning Framework will be a significant policy document. At this stage the draft is due for consultation – the adoption of the final version of the Framework may be done by Cabinet in the Autumn.

4.2 Resources and Risk

- 4.2.1 Adopting a commissioning approach should not of itself require additional net financial resources. What is likely is that knowledge and skills in commissioning will need to grow within service departments.
Recommendation 8 of the O&S report recognises this. Embracing the opportunities presented by working with the VCS may result in more budget being spent in that area, but this would not be net growth but a different way of achieving outcomes.
- 4.2.2 The commissioning process is likely to give rise to a number of risks, similar to those involved in any form of partnership or outsourcing operation. The need to ensure best value and to exercise appropriate control over contracts will be highlighted. A risk of the introduction of the Framework itself is the raising of expectations within the VCS that there will be more opportunities available than the Council can in practice deliver. The recent track record of open dialogue between the Council and the VCS should help to mitigate this risk.

4.3 Legal

- 4.3.1 Legal and procurement advice was taken, in the form of written and oral evidence, by the O&S Panel. The Borough Solicitor has been consulted specifically on the draft Framework, and has not identified any issues which require amendment before consultation begins and will be consulted again as the process develops.

4.4 Equality

- 4.4.1 Commissioning and any change in the balance between grants and contracts could have a significant impact on different groups. The Equality Impact Assessment (EIA) for the Framework will therefore be of great importance, and must be taken into account in agreeing both the fundamentals and the final shape of the document. An EIA has been drafted, and discussed and approved by the O&S Panel. The Panel recognised that this EIA itself needed to be consulted on, and this will therefore be a major part of the consultation exercise.

4.5 Consultees (Internal and External)

- 4.5.1 The O&S report is based on wide-ranging consultation with representatives of the VCS, including large and small organisations and those representing the interests of minority communities. Many of these gave evidence in person to the Panel, which also had three representatives from the Sector as co-optees and a further co-optee from Northamptonshire County Council.
- 4.5.2 Further details are contained in the O&S report.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 The relevant ‘headline’ from the Corporate Plan is under ‘Your Council – Being a responsive Council’ where there is a commitment to ‘work effectively with communities, partners and the voluntary and community sectors to provide

services'. This is the essence of what the proposed Framework sets out to do. However there is potential for the VCS, through this Framework, to contribute to many of the Council's service outcomes.

5. Background Papers

- 5.1 The O&S report can be found on the Internet at –

<http://www.northamptonboroughtouncil.com/councillors/mgConvert2PDF.aspx?ID=16793>

The draft Framework is Appendix D to that document. Minutes of Scrutiny Panel E can also be found on www.northampton.gov.uk.

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