

General Principles agreed by the Commissioning Framework Task Group

The following guidance should be used in determining the next Commissioning Framework from 2020. This guidance is based on responses to the questions set out in the scrutiny proposal form to Overview and Scrutiny in May 2018.

1. **Which of the current commissioned organisations should remain part of the new framework?**

Funding arrangements for the existing commissioning framework should be rolled over for a further year i.e., until 2020. This would enable detailed thought to be given to the focus and direction of the framework including, the participating organisations, scope of their SLAs and KPIs to monitor these.

Deferring agreement of the new framework would also allow greater financial clarity to emerge and for consideration to be given to effective financial monitoring of organisations and, where applicable, to developing a more commercial approach to their activities.

2. **Should any new organisations be considered for inclusion in the new framework? If so, on what basis?**

Once greater clarity had been established on finances and on the focus and direction of any future framework, a review of the current organisations should be undertaken to identify any gaps in provision analysed against local need. In addition to a review of the level of current grants, this might include an invitation to other groups to bid for funding as part of a wider tender process. It could form a future area of work for a scrutiny task group.

It was hoped that any future task group would include representation from all political parties.

3. **How long should the next funding cycle last?**

The council should adopt a four year funding cycle (increased from the current three year cycle). A longer time span than this was considered too great, offering less flexibility and opportunity for review.

The task group considered that there should be closer monitoring of the financial management of grant aided organisations, with the ability to apply sanctions if necessary.

4. **Explore funding options for the commissioned organisations:**

a. **should the overall funding for commissioned services be kept the same, increased or decreased;**

- Notwithstanding the responses to questions 1 and 2 above, the budget for the new commissioning framework (from 2020) should remain the same.

It was noted that a standstill budget had been in place since the start of the current framework representing a real terms decrease in funding levels over time.

b. **should the individual funding for commissioned organisations be increased or decreased based upon past performance?**

- In the absence of sufficient clarity on the Medium Term Financial Strategy (MTFS), the task group wished to defer its response to this question.

Consideration should be given to introducing a small, year on year reduction in funding to all organisations. This would send a powerful message to the third sector at a time of budget constraint for the council.

Although accepting that it was not possible to roll-over savings from one financial year to the next, the task group wanted to explore mechanisms for ring-fencing savings to be allocated separately e.g., through the council's small grants fund, in the current year or by bringing new organisations into the framework

5. **Understand the value for money (social or economic impacts and outcomes) the council receives through the framework.**

Task group members understood the value for money (social or economic impacts and outcomes) the council received through the framework. However it was suggested that in refocussing the SLAs and KPIs around current council policy and direction this could be more meaningfully demonstrated in the future.

In addition, it was proposed that any surpluses made by funded organisations should be required to be channelled back into that organisation's service

delivery programme for the benefit of the local community. Surpluses should not be allowed to be returned to a central reserve or to general funds.

6. Develop a new SLA and set of KPIs for the different organisations.

Consideration should be given to introducing more focused KPIs for organisations. These might include:

- How organisations maintained their assets
- What proportion of their funding was used for operating costs
- How they served Watford residents, as opposed to the wider local community.

The KPIs should reflect the council's focus and direction and be agreed in conjunction with the framework organisations. Open book accounting would be required from organisations.

Consideration should also be given to the introduction of punitive measures for organisations not attaining targets over time.