

## **Voluntary and Community Sector (VCS) Commissioning Framework 2012**

### **Draft Discussion paper**

#### **Introduction**

Watford is fortunate in having a thriving voluntary and community sector actively engaged in providing services and support to a broad range of communities and individuals.

The groups that make up this sector can range from small volunteer/ single worker organisations to large and complex organisations with links to national agencies. The broader voluntary and community sector includes registered charities, voluntary organisations, community groups, and faith groups engaged in voluntary social action, not for profit organisations and social enterprises

#### **Background**

Watford Borough Council values the contribution that all voluntary and community sector organisations make and recognises that the majority of these do not rely on funding from the council.

The council recognises that voluntary and community sector organisations (referred to from now as VCS) are sometimes the best placed to deliver services, this is due to their:

- ability to deliver user focused services
- insight into the needs of service users
- ability to encourage a high level of user and community involvement particularly with vulnerable people
- independence from existing models of service delivery that enables innovation
- ability to draw in external funding and volunteer resources adding value to the local community
- experienced and committed local leadership
- high level of local knowledge and data gathering

#### **Financial Context**

The Council currently has long standing and positive relationships with VCS organisations and deploys a significant proportion of its budget (in the region of 10%) to support a number of them in a variety of ways.

However in view of the economic situation, budget pressures and public sector funding cuts the Council continues to have to make significant savings over the next few years. We have already identified, and are on our way to achieving over

half of the £5 million required by 2014/15 but an additional £2 million needs to be identified.

### **Going Forward**

The Council wants to be more explicit about the services we want to commission from the VCS and this is now even more important in the financial context described above. It is therefore appropriate for the council to revisit its support for the VCS and ensure it has in place a clear understanding of its priorities and commissioning objectives.

### **Purpose of Discussion Paper**

The purpose of this discussion paper is to examine

1. What do we mean by commissioning?
2. What resources are currently deployed to support VCS services?
3. What services are commissioned by other bodies?
4. What services should Watford Borough Council be funding the VCS to provide as a priority from 1<sup>st</sup> April 2013 and beyond?
5. What evidence is there that demonstrates the need for services to be commissioned?
6. What can the council afford to fund?

#### **1. What do we mean by Commissioning?**

There are many definitions of commissioning but for the purpose of this consultation paper it is proposed that the following is used:

**Commissioning is the process for ensuring that quality services meeting the identified priority needs of the community are provided by the best placed organisation to do so at an affordable cost to the Council.**

The key steps in a commissioning cycle are

- i.) Analyse from evidence what needs to be provided
- ii.) Identify what finance and resources are available
- iii.) Identify and specify what services can be delivered
- iv.) Put in place the best method to obtain that service - options could include:
  - o internal (Council) service delivery;
  - o outsourced service delivery through a procurement process and contract from the commercial or VCS sector;
  - o grant funding a VCS organisation to deliver a specified service
- v.) Monitor and review the delivery of that service

**This discussion paper is intended to stimulate debate regarding the first 3 steps in that process.**

**2. What resources are currently deployed to support the VCS?**

Ref	Resource	Budget	Update / Comments
1	<b>Grant funding programmes</b>	<p>The base budget for 2012/13 is:</p> <ul style="list-style-type: none"> <li>▪ <b>Small Grants Fund = £50,000</b></li> <li>▪ <b>3 year grant funding programme = Total £880,895</b></li> </ul> <p>Divided into £732,475 Direct Grant and £148,420 Property related Costs (see 7 below)</p>	<p>A review of the grant funding budget was undertaken as part of the Council's service prioritisation programme during 2011/12 in order to identify reductions in the base budget for:</p> <ul style="list-style-type: none"> <li>▪ the 3 year grant funding programme (which ends on the 31<sup>st</sup> March 2013)</li> <li>▪ Mayors Fund – absorbed into Small Grants Fund and budget reduced by 50%</li> <li>▪ Annual Fund - absorbed into Small Grants Fund and budget reduced by 50%</li> </ul> <p>The outcome of that review was approved at Cabinet in December 2011 and resulted in an overall saving to the base budget for 2012/13 of £261,871</p> <p>All current recipients of the 3 year grant funding programme have been made aware that this funding stream ends on the 31<sup>st</sup> March 2013. They have been offered support to examine their future business plans and for them to address how they will sustain their future once this comes to an end.</p> <p><b>Therefore the base grant figures of £732,475 and £50,000 are notionally the future funding resource available to support identified service delivery priority outcomes.</b></p>
2	<b>Community Centres</b>	£425,580 (2012/13)	<p>The council has for many years been pursuing a strategy to support VCS organisations to take over the management of 5 council owned community centres. 4 centres have successfully transferred:</p> <p>Orbital – YMCA Holywell – CVS</p>

Ref	Resource	Budget	Update / Comments
			<p>Leavesden Green – WCHT Centrepont Radlett Rd estate – First Rung Trading Ltd</p> <p>Negotiations are near completion in relation to the 5<sup>th</sup> centre on the Meriden with Watford Football Community Trust</p> <p>As part of this process the council has committed to providing a grant to each of the organisations to enable them to fund the management of the centres. This grant represented a cost saving on the management costs of the council running the service itself and these savings have already been adjusted into the base budget.</p> <p>There is an initial commitment to grant fund the community centres for a 3 year period from commencement of each transfer. The council's future vision will be to support the community centres to become less reliant on council funding. This will be explored further during the development of the Commissioning Framework.</p>
3	<b>Sports commissioning</b>	Sports Development budget = £53,500	<p>The Sports Development budget is used to support the actions agreed within the Sport Framework which are</p> <ul style="list-style-type: none"> <li>• Increase community participation in physical activity and sport to contribute towards a healthy town for Watford residents;</li> <li>• Develop capacity within the local sporting infrastructure, particularly around clubs, coaches and volunteers, to improve sporting opportunities.</li> </ul> <p>A proportion of this budget is used to target low participation groups identified through questionnaires and the Active people survey; such as women, people with</p>

Ref	Resource	Budget	Update / Comments
			<p>disabilities, children and young people, 14 -25, 55 plus and black and minority ethnic communities. Working in partnership with the YMCA, WFC, Sea Lions, Age UK, SLM, programmes of activities are identified, developed and/or commissioned with these organisations.</p> <p>In addition, we subsidise the Coaching Bursary Scheme through the Herts Sports Partnership and/or national governing bodies which encourages and supports more volunteers to obtain coaching qualifications. A range of workshops on First Aid, Safeguarding, Equality and Coaching Disabled people are also subsidised to help improve the local sporting infrastructure.</p> <p>SLM who manage the Council's two high quality leisure centres provide a wide range of sporting opportunities such as swimming, fitness classes, and gym sessions at affordable rates. In addition we commission them from this budget to provide free swimming and gym sessions for children and young people during the main school holidays.</p>
4.	<b>Culture and Arts</b>	Arts Development Budget - £17,000 LABGI contribution to Imagine Watford -£20,000	<p>The Watford Cultural Plan sets out the framework for the Cultural rejuvenation of Watford for the next 5 years. Through research and consultation, 4 development themes have been identified focusing on the town centre, but connecting assets and opportunities across communities.</p> <p>The 4 themes are</p> <ul style="list-style-type: none"> <li>- Balanced Watford</li> <li>- Accessible Watford</li> <li>- Talented Watford</li> <li>- Participating Watford</li> </ul>

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			<p>A budget of £17,000 is used to commission artists and local organisations to carry out work to deliver activities to support these themes e.g. Pop Up Galleries, professional exhibition space [Space 2 Galleries], Imagine Watford and Watford Live festivals. £20,000 from the Local Authority Business Growth Incentive funding (LABGI) supports the Imagine Watford festival.</p> <p>In addition significant investment goes to the Watford Palace Theatre (through the 3 year grant funding programme) and to Watford Colosseum. The theatre delivers inspirational, diverse and cutting edge theatre performances with a wide regional and local community attraction. The council has a contract with HQ theatres to manage and promote the recently refurbished Colosseum, which provides a wide range of entertainment including comedy, bands, classical music, musicals some large scale theatre performances, restaurant as well as being the home of the BBC concert orchestra, a conference venue and available for community hires.</p>
5.	<b>Discretionary Rate Relief (NDR Non Domestic rate)</b>	£205,413.55	<p>The Council can use its discretion to award relief from the payment of business rates. Guidelines on awarding discretionary relief were adopted by the Council's Executive on the 19 March 2007. Each case must be considered on its own merit. Currently 88 charitable/not for profit organisations/sports clubs benefit from discretionary relief with a financial impact on the council of in excess of £200,000. It is proposed that the guidelines are reviewed and updated as part of the development of the Commissioning Framework.</p>
6.	<b>Property Rental</b>	£30,000 in addition to £148,420 referred to in 1. above	<p>Cabinet in 2006 adopted a policy which confirmed that all council rented premises should charge a market rent regardless of the status of the occupiers. Organisations not paying market rent were informed that from April 2007 the Council expected payment of market rent when either the current lease expired or when there was an opportunity for a rent review within the existing lease.</p>

Ref	Resource	Budget	Update / Comments
			<p>In addition it was agreed that not for profit organisations should be granted a lease that excludes external repairs and maintenance when their current lease expires except where the organisation has been complying with the terms of a full repairing lease and new not for profit organisation tenants should be granted a lease that excludes external repairs.</p> <p>Some organisations in receipt of grant support have continued to receive grant through the 3 year grant funding programme to offset the market rent which will cease 31<sup>st</sup> March 2012. The cost of this has been reflected in the figures at 1. above and equates to £148,420. In addition some non-grant aided organisations have continued to pay a below market or peppercorn rent. This reflects a further cost to the council of £30,000 in potential lost income.</p>
7.	<b>Small Grants Fund</b>	£50,000 (identified in 1. above)	<p>The Small Grant Fund referred to at 1. above was created by amalgamating the Mayor's Fund and the Annual Fund and reducing the budget by 50%. There is therefore £50,000 committed for 2012/13.</p> <p>This year the fund offers not-for-profit groups the opportunity to apply for a grant of up to £2000 for project based initiatives which meets one of the following criteria:</p> <ul style="list-style-type: none"> <li>• enhance the town's environment or heritage through: <ul style="list-style-type: none"> <li>◦ public area cleanups</li> <li>◦ improving the visual look of the town</li> <li>◦ an event or activity celebrating the town's history</li> </ul> </li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• provide an event or activity which celebrates the town's community and multi-cultural diversity.</li> </ul>
	<b>TOTAL</b>	£1,682,388 = budget and income loss impact	

### **3. What services are commissioned by other bodies?**

It is not a district council's role to provide services that are in effect the responsibility of other bodies.

The responsibility and financial resources to ensure the provision of services relating to health and social care lie with lead statutory organisations. In Hertfordshire the commissioning process for these services are achieved through a number of bodies.

**Health Care** in Hospitals and the community is currently commissioned by the PCT; NHS Hertfordshire. From 2013 the PCT will be replaced by two Clinical Commissioning Groups (CCG), made up of GPs

- East and North Herts CCG in the East
- Herts Valleys CCG in the West.

**Public Health** commissioning is currently within NHS Hertfordshire, but will move to Herts County Council (HCC) from Oct 2012 to become a team within Community Commissioning.

From 2013 a Health & Wellbeing Board will bring together Health, Social Care, children's services and District representatives to coordinate commissioning plans. A shadow Board is already meeting and devising priority areas for action.

**Social Care** is commissioned within the Health and Community Services Directorate at HCC by the Community Commissioning Teams.

These are;

- Joint Commissioning Team- services for Mental health and Learning Disabilities, including health services through the Joint Commissioning Board
- Accommodation Solutions Team- services in accommodation such as supported housing, hostels, care homes, flexi-care
- Community Solutions Team- home care, community alarms, funding of housing related support in sheltered housing
- Community Wellbeing Team- preventive services such as lunch clubs, funding to voluntary organisations

In addition services relating to Education, Youth Services, Crime & Disorder, Fire Services, etc. are also commissioned at a county-wide level through relevant statutory and partnership bodies.

District councils are not best placed to undertake the commissioning process and do not have dedicated funding for these areas of activity.



**4. What services should Watford Borough Council be funding the VCS to provide as a priority from 1<sup>st</sup> April 2013 and beyond**

As can be seen from 3. above the primary responsibility for many of the communities needs rest with other funding bodies, so what areas should the council be focussed on commissioning the VCS to provide?

Apart from its statutory and non-statutory services that the council has currently chosen to deliver in-house the Council believes that the VCS is often better placed than the council to deliver in some or all of the following areas of district council activity:

- **Arts and Culture**
- **Sports and Leisure including Community Centres**
- **Advice services**
- **Infrastructure support to the voluntary and community sector**
- **Supporting people with disabilities to integrate into the community**

**5. What evidence is there that demonstrates the need for these services to be commissioned?**

<b>Priority area of activity</b>	<b>Priority within existing plans</b>	<b>Evidence and Commentary</b>
<b>Arts and Culture</b>	<ul style="list-style-type: none"> <li>- Cultural Plan</li> <li>- Corporate Plan</li> <li>- Commissioning Framework 2010-2013</li> </ul>	<p><b>Cultural Plan evidence base</b></p> <p>The cultural plan (2011) was underpinned by a robust needs analysis and assessment. This identified a strong interest in participation in arts and culture in Watford but also the need to support what is termed the ‘creative industry’ sector.</p> <p>The cultural plan analysis / assessment also identified the potential for growth within the town’s night time economy, particularly in ensuring the development of the cultural offer with the recognition of the contribution this makes to employment and the local economy.</p> <p><b>Purple Flag assessment</b></p> <p>The recent Purple Flag award identified the range of the town’s arts and culture offer as a strength and the importance of ensuring there is a balanced offer within the night time economy as to the type of arts and culture available. The cultural plan analysis / assessment also identified the potential for growth within the town’s night time economy, particularly in ensuring the development of the cultural offer with the recognition of the contribution this makes to employment and the local economy.</p> <p>A key component to continue to deliver the Cultural Plan and maintain Purple Flag status is the Council’s commitment to financially supporting the Colosseum and Palace Theatre as key delivery partners.</p>

Priority area of activity	Priority within existing plans	Evidence and Commentary
<b>Sports and Leisure including Community Centres</b>	<ul style="list-style-type: none"> <li>- Sports Framework</li> <li>- Sports Facilities Study</li> <li>- Cabinet reports on Community Centres</li> <li>- Corporate Plan</li> <li>- Health &amp; Wellbeing partnership priorities</li> </ul>	<p><b>Cabinet report</b>  In December 2010, a report was presented to Cabinet as to the future provision of community centres in Watford. This drew on the council's own review of community centres and on the Quirk Review on Community Management and Ownership of Assets. The approach recommended, and agreed by Cabinet, identified the benefits of encouraging greater community management of assets as a means of creating more stable and vibrant communities as well as providing the potential to access external sources of funding. This approach has since been developed nationally through the government's localism agenda and associated Big Society initiative.</p> <p><b>Deprivation analysis</b>  Work done in relation to identifying the areas within the borough as in most need in relation to deprivation shows that the five community centres are located in areas where deprivation is potentially an issue for the communities they serve. The areas of deprivation differ between the communities but include:</p> <ul style="list-style-type: none"> <li>• health and disability deprivation</li> <li>• education and skills deprivation</li> </ul> <p><b>Sports Development Framework and Sports Facilities Study</b>  These two documents are supported by a robust evidence base and reflect the benefits to physical health, particularly tackling obesity and mental well-being.</p> <p><b>SPORTS</b>  A key component to supporting the delivery of the Sports Development Framework and supporting key priorities within the Health &amp; Wellbeing Partnership is the financial support delivered through the Sports Development budget.</p> <p><b>COMMUNITY CENTRES</b>  A key component to maintaining the provision of community centres in key areas requiring support is the funding committed to the not for profit organisations commissioned to manage them.</p>

<b>Priority area of activity</b>	<b>Priority within existing plans</b>	<b>Evidence and Commentary</b>
<b>Advice services</b>	- Commissioning Framework 2010-2013	<p><b>Commissioning Framework 2010-13</b></p> <p>The importance of a provision of universal advice and guidance for a community the size of Watford was identified in the current framework document. However since then the need for advice has increased as a result of the impact of the economic crisis and significant changes to Welfare benefits, housing and other national policy changes.</p> <p><b>National trends</b> Evidence from the national Citizens Advice Bureau, which collates statistics on the demand for advice / information indicates that as of 2009, debt and benefit problems were growing at an annual rate of 21%. Fuel debt leading to fuel poverty has also been identified as an increasing problem nationally.</p> <p><b>Local trends</b> Evidence for Watford indicates that the borough is in line with national trends. Fuel poverty is estimated to be 9.5% of all households (2,988) of which 54% were identified as vulnerable (1,611) – stock condition survey (2009). Homelessness is increasing – e.g. from 1 April 2010 to 31 March 2011 there were 117 households accepted as homeless compared with 70 in 2009-10.</p> <p>A key component in maintaining a quality accredited provision of universal advice and guidance is the grant funding currently used to secure the provision of an advice bureau in Watford.</p>
<b>Infrastructure support to the voluntary and community</b>	- Commissioning Framework 2012-2013	<p><b>Commissioning Framework</b></p> <p>The current framework recognises the importance of focussing on building the voluntary and community sector's capacity to support and promote itself and the benefits of an</p>

Priority area of activity	Priority within existing plans	Evidence and Commentary
sector		<p>active thriving VCS. This support needs to be provided in the shape of :</p> <ul style="list-style-type: none"> <li>• fund raising support</li> <li>• training</li> <li>• office resources</li> <li>• website</li> <li>• volunteering support</li> <li>• quality accreditation</li> </ul> <p><b>National Council for Voluntary Organisations</b></p> <p>Research shows that the voluntary sector nationally should expect a significant fall in public funding overall. This presents a real challenge for the sector and highlights that it will need to look at how it operates and how it can do things differently to maintain services to the community. It will also need to consider whether there is scope for consolidation /closer working to improve effectiveness and efficiency and to make the most of reducing resources.</p> <p>A recent analysis of the voluntary sector in Watford shows that there is a complex range of organisations operating within the sector from those with over £1million turnover to those with little or no funding. This complexity means that those within the sector have very different experiences, face very different issues and have varying degrees of organisational structure and governance.</p> <p>A key component in maintaining a provision of infrastructure support to the community of VCS organisations is the grant funding currently used to secure the services described above.</p>

<b>Priority area of activity</b>	<b>Priority within existing plans</b>	<b>Evidence and Commentary</b>
<p><b>Disability – integration into the community</b></p>	<p>Core Strategy Equality Impact Analysis</p>	<p><b>National statistics</b>                      Around 20% of the population in Britain has a disability of some sort – this increases to 33% in the age range 50-64.                      The percentage of people with mobility difficulties in the general population is 14%.                      Mobility difficulties tend to affect older people more than younger people. 45% of those aged 70 or over have problems walking or using a bus, compared with 5% of those aged 16 to 49.</p> <p>Disabled people drive cars a lot less and are less likely to have one in their household. 60% of disabled people have no car available to their households, compared to 27% of the overall population.</p> <p>Watford has a vibrant and diverse retail, eating and drinking and entertainment offer within its town centre. The town centre also provides services for the community such as libraries, advice services, dentists, opticians etc. However, a large shopping mall such as the Harlequin Centre and even the current layout of Charter Place does make it more difficult to access all areas of the town for those with a mobility impairment.</p> <p>A key component in improving access to the town centre for those with mobility difficulties is the grant funding currently used to enable the use of mobility scooters and other equipment in the town.</p>

## **6. What can the council afford to fund?**

The financial future is uncertain and the council has a responsibility to balance competing needs and be clear about the affordability of any proposals. There is a need to understand that expenditure in one area of activity will potentially require cuts in other areas of activity and also that new priorities may emerge over time as well as new organisations capable of delivering services.

Having formed a view on what priority services the Council believes need to be delivered and established that the best placed provider would be a VCS organisation there needs to be clarity about what funding the Council can commit and over what timeframe.

There has been criticism in the past that the 3 year grant funding programme:

- favours those who have already successfully applied for grant in the past
- creates a dependency culture on council funding for those groups heavily reliant on core funding
- gives no flexibility to commission new activity when new priorities emerge
- stifles innovation and collaborative working
- requires significant commitment and time resource from applicants to complete an application process with no guarantee of funding at the end of the process

The current Commissioning Framework moved the Council away from a purely grant process by establishing 3 key “ Preferred provider” partners who received a grant based on a negotiated sum determined by the level of service provided and key outcomes delivered.

It is proposed that under the New Commissioning Framework the Council moves to a fully commissioned approach with service delivery priorities identified and a process to identify the preferred delivery partner rather than an “open grant application” approach.

There is however the opportunity to examine the current small grants fund approach and determine if a change to the delivery of that programme could facilitate any specific identified need to maintain an “open grant application” approach to deliver on smaller scale local priorities.

## **KEY QUESTIONS FOR DEBATE AT SCRUTINY**

The Council has a current commitment supporting the VCS that has a budget and income loss impact equivalent to £1,682,388. This represents approximately 10% of the Council's net budget of £16 million.

- 1) Can the Council preserve this level of funding and resource commitment in these areas of provision identified in Table 2 above into the future in the light of the £2m gap in the Council's future funding?**
- 2) Are the areas identified in Table 5 above the key priority service delivery areas for the Council to commission from the VCS?**
- 3) In view of the tightly constrained financial situation are there any service delivery areas identified in Table 5 above that should be considered a lower priority**
- 4) Is there a continuing role for the Council in providing funding for a Small Grants Fund/open grant application and if yes what should the purpose of the Fund be?**

## **CONCLUSION**

In order to develop the VCS Commissioning Framework for 2013 and beyond the Scrutiny task group is requested to outline its approach to considering the information raised in this discussion paper and establish how it wishes to debate the questions raised and obtain evidence from stakeholders.

A programme of dates for meetings of the Task group and a timetable for the process of developing and consulting upon the New Commissioning Framework will be discussed at the first Scrutiny Task Group meeting.

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