

Wiltshire County Council

Wiltshire Primary Care Trust

Review of Working with the Voluntary and Community Sector

“Local Communities are strongest when all partners, statutory and non-statutory, come together at different stages and in different ways to meet shared objectives and increase the social, economic and environmental well being of an area.”¹

¹ The future role of the third sector in social and economic regeneration: final report, HM Treasury, Cabinet Office. July 2007

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Introduction

This report sets out the findings and recommendations arising from a short life review of current working relationships between Wiltshire County Council, Wiltshire Primary Care Trust and the Voluntary and Community Sector in Wiltshire conducted between July and September 2007, commissioned by Wiltshire County Council, with the involvement of the Voluntary and Community Sector.

The aim of the review was to better understand the nature of the working relationship between Wiltshire County Council (WCC), Wiltshire Primary Care Trust (WPCT) and the Voluntary and Community Sector, and to make recommendations about how the relationship could be improved by the partners together agreeing a transparent and consistent framework for future partnership working.

Objectives of the Review

The objectives agreed for the review are shown at Appendix 1.

The objectives had two specific goals:

- To propose structures and mechanisms that would assist future partnership working
- To propose a framework of understanding for the future allocation of funding to the voluntary and community sector

The review had no remit to examine the actual allocation of funding to the Voluntary and Community Sector by WCC and WPCT. Resource limitations will always exist, and the County Council and the Primary Care Trust will continue to consider both the totality of funding and the specific allocations of funding to individual voluntary and community organisations as part of their recurrent budget setting and planning responsibilities. The framework recommended in this report is intended to provide a more transparent and open approach for doing so with the involvement of the voluntary and community sector in the future.

Approach to the Review

The review was carried out through a mixture of desktop analysis of readily accessible information from WCC, WPCT and the VCS and interviews with officers of WCC and WPCT and selected organisations in WVCS. Four consultation events were held with the VCS in September and October. Information derived from a review of the effectiveness of Wiltshire's Compact conducted by the Compact Board has also been incorporated into the review.

During the course of the review, the Government published its final report '*The future role of the third sector in social and economic regeneration*'. The Department of Communities and Local Government also published a discussion paper setting out

proposals for improving engagement with the third sector: '*Third Sector Strategy for Communities and Local Government*'. These both provide a clear steer on the expectations and duties that will be placed upon all levels of government to improve the relationship with the voluntary and community sector. Similarly, the Department of Health is beginning to issue guidance on how it expects local health communities to engage with the third sector.

One Wiltshire

During the course of the review the Government gave the go ahead to the formation of a unitary Council for Wiltshire. Subject to the outcome of any challenges, the new unitary authority will come into being in April 2009, absorbing a range of responsibilities and functions from Wiltshire's four District Councils. These will include strategic relationships and funding arrangements with the Voluntary and Community Sector. Whilst reviewing the relationships between the District Councils and the VCS was beyond the scope of this review, changes arising from the recommendations contained in this report will need to be applied to the relationships that transfer to WCC from the four District Councils. The voluntary and community sector has been keen to emphasise during the review its concerns that continuity of the partnerships they have enjoyed with the District Councils and the funding they provide to the sector needs to be secured during and after the transition. The framework recommended here provides all parties with an opportunity to meet that wish.

One Opportunity, Two Challenges

The current national policy direction of establishing a greater role for the voluntary and community sector in public life mandates all to improve the way they work together, to widen engagement with their communities, and to achieve better outcomes from services. This will require WCC/PCT to improve their engagement with the voluntary and community sector, setting out new and stronger expectations and establishing more robust mechanisms and structures for doing so. Not only is this in the interests of the wider Wiltshire community, but it also in the interests of how the performance of WCC/PCT as organisations with their partners is judged.

From 2009 the Comprehensive Area Assessment (CAA) will replace the Comprehensive Performance Assessment (CPA), with a focus upon place and how people and organisations work together, rather than individual organisations. The Government has set out its intention to focus upon citizen experience and outcomes in assessing how well communities are supporting community empowerment aspirations. The CAA will also assess authorities' commissioning and procurement capabilities. Both of these will judgements will include evaluation of how well localities are working with the voluntary and community sector to engage communities and deliver relevant services to them.

Similarly, the forthcoming joint health and social care assessment framework focuses upon outcomes for people and how these are being delivered through a range of partnerships and joint commissioning arrangements.

The VCS will also need to rise to the challenge of these new policy directions, examining what it needs to do in return to establish itself as a strong and effective partner. These challenges are not easy, and addressing them will require commitment and action far into the future.

This report contains some clear messages for both WCC/PCT and the VCS about how that relationship might be shaped and supported.

Terminology

The terminology 'third sector' and 'voluntary and community sector' are increasingly being used interchangeably. The next section of this report attempts some brief definitions. However, this report uses the terminology voluntary and community sector for the avoidance of confusion in preference to third sector - this is the terminology that is currently in use in Wiltshire in documents, financial transactions and policy reports, and is the way the sector refers to itself. For the purposes of this report third sector and voluntary and community sector are taken to be synonymous.

The Voluntary and Community Sector

In recent years there has been increasing recognition and promotion in Government of the actual and potential contribution of the voluntary and community sector to the delivery of public services. Nevertheless what it does and the scale of the sector is often not fully understood. This section of the report outlines what the voluntary and community sector is and its role, both generally and in Wiltshire.

Defining the VCS

Two definitions of the voluntary and community sector, one from the National Council of Voluntary Organisations (NCVO) and one from the Cabinet Office are shown below.

Simply, the VCS consists of organisations that are not in either the profit or statutory sectors. They are self governing organisations independent of government, varying from large charities and incorporated organisations with highly committed trustees and staff to small community groups meeting local needs, with a significant reliance on volunteers for carrying out their work.

Their income is derived from a range of sources, including donations, fundraising, grants from charitable trusts, grants from national and local government and trading activity. A growing sub-sector of the VCS is social enterprise – businesses set up for social purposes that reinvest their profits for social aims.

“A not for profit organisation run by an unpaid management committee who are drawn from the community, acting for community benefit and involved in any or a combination of provision of services, self-help or advocacy, campaigning, ...[and] services to other voluntary organisations”. NCVO

*“...non-governmental organisations that are value driven and which principally reinvest their surpluses to further social, environmental and cultural objectives.”
HM Treasury / Cabinet Office*

VCS organisations are involved in a wide range of activities from delivering services in health and social care, disability, faith work, campaigning and advocacy, environmental and cultural work, work with marginalised and socially excluded groups, and hard to reach groups.

Their activities can be categorised into three key roles:

- Building social capital – increasing the capacity, capability and confidence of community groups to engage and become involved in collective activity for mutual benefit. Ways in which this is achieved include establishing a common identity of interests and purpose, encouraging and supporting participation, increasing the connections between people and groups of different backgrounds, interests and perspectives, and organising access to

governmental institutions and decision making processes.

- Providing services – either specialist services fully or partly funded by the VCS's own efforts, or through governmental organisations devolving responsibility for delivery of statutory services through contractual arrangements.
- Developing a community voice that enables people to participate in decision making and that increases the accountability of government and services

Economic impact

The VCS is growing and making an increasingly important contribution to public life²:

- Sector income now amounts to £27.7 billion nationally
- The number of registered charities in 2005 was over 160,000, up from 120,000 in 1995.
- There are now around 55,000 social enterprises and hundreds of thousands of small community groups.
- In 2005 over 20 million people carried out some form of voluntary activity, equivalent to 1 million days paid work
- The way it is financed is changing: contracts accounted for 62% of voluntary sector income in 2004/05 compared with 48% in 2001/02. At the same time grant income is declining as a proportion of total income, down from 52% in 2001/02 to 38% in 2004/05.
- Charities are efficient – 84% of income is spent on pursuing charitable activities; every £1 spent on fundraising raises £11.34.

Much of this contribution, however, is concentrated in larger organisations: just 13% of the sector generates 93% of income, with 18 super-league charities generating one eighth. Small organisations receive just 0.4% of sector income.

These issues present a significant challenge for the sector itself and for government wishing to see its contribution increasing in public life. The size and diversity of the sector and the different scale of organisations within it can make it difficult to adopt and effectively implement a coherent strategic approach across the sector. The dominance of a relatively small number of larger organisations together with low funding for small ones presents challenges of balancing support and ensuring that one of the strengths of the sector – its sheer diversity – is sustained. Finally, the growing involvement of the sector in delivering public services and the changing nature of the relationship implied by this, raises issues of how to balance

² The UK Voluntary Sector Almanac – the State of the Sector 2007. NCVO

accountability for performance and spending of public money, with another of its strengths – its independence and ability to challenge, experiment and innovate.

Added Value

The NCVO has set out what it believes is the distinctive contribution of the VCS, though it recognises that some of the activities of the sector are not exclusive to it. It lists the following strengths, which are also recognised by the Government in its latest third sector report:

- Meeting special needs / niche interests through experience and expertise – complementing the broad universality of services provided through government
- Maintaining an independent voice allowing it to challenge so it performs a constitutional check or balance
- Involving stakeholders – VCOs by their nature have a track record of involving communities, particularly at a local level
- Freedom and ability to respond to changing needs so as to bring innovative and inventive solutions to meeting those needs
- The ability to work across boundaries and to bring organisations together

The VCS in Wiltshire

There appears to be little co-ordinated information about the size and economic and social impact of the voluntary and community sector in Wiltshire either amongst the sector itself, or outside in government agencies.

The Wiltshire and Swindon Economic Partnership³ suggests there are 1700 voluntary and community organisations in Wiltshire, with a combined turnover of more than £40 million and a paid workforce of over 2000. The Wiltshire and Swindon Infrastructure Consortium⁴ states that there are around 8000 organisations. If correct, the latter figure is likely to include community groups and unincorporated bodies, whereas the former may well be referring to registered charities and incorporated organisations. There is no accessible information that profiles the sector and its activities.

The lack of reliable information with which to assess the sector's current and potential strengths and weaknesses and the opportunities and threats these present, in the context of the Government's stated intention to ensure a greater role for the sector in future, will hamper effective strategic planning and delivery, and potentially prevent Wiltshire from fully taking advantage of its potential. Action should therefore be taken to map and profile the voluntary sector and assess its economic and social

³ Social Enterprise Strategy 2006 – 2009, Wiltshire and Swindon Economic Partnership

⁴ Wiltshire and Swindon Voluntary Sector Infrastructure Investment Plan 2005-2010, Wiltshire Infrastructure Consortium

impact. Part of the foundation for this work could be the register of funding received by VCS organisations from the County Council and the Primary Care Trust that has been completed as part of this review (see below), but this will need to be extended if a comprehensive picture is to emerge.

Recommendation 1

The County Council, the PCT and the VCS together determine the most effective way of mapping and assessing the economic and social impact of the voluntary and community sector in Wiltshire

Support and Leadership

Support for the voluntary and community sector is provided from a range of infrastructure organisations (infrastructure organisations, sometimes referred to as umbrella or second tier organisations, support frontline VCS organisations). In Wiltshire a number of these have come together to form the Wiltshire and Swindon Infrastructure Consortium. Its membership comprises five Councils for Voluntary Services- one for each District Council area plus one for Swindon – and Community First (the Rural Community Council) at county level. A number of specialist organisations – the Charities Information Bureau, Wiltshire Race Equality council, Learning Curve, and the Volunteer Centre (Swindon only) provide specialist support across Wiltshire.

The government has signalled its intention to provide more resources for infrastructure development in areas such as voluntary organisation governance, ICT, leadership, finance and training and skills development. It has also set out its intention to ensure that local authorities consider what level of resources are devoted to infrastructure development in the VCS. All levels of government will want to ensure that resources are properly targeted and their benefit maximised. The Consortium itself wishes to develop its role into providing a single gateway to specialist support for the VCS in Wiltshire and has developed an investment strategy for taking this aim forward.

However, it needs to clearly identify the organisational arrangements and financial resources that will allow it to do so, and it is likely that this will require some rationalisation of organisational structures and delivery roles within the Consortium to streamline communication routes and increase the efficient use of resources (for example, consideration of one CVS organisation for Wiltshire receiving local authority core funding rather than repeating it for the four that exist at present). There will also be challenges in respect of current roles and leadership, which at present is shared between the different members of the Consortium.

A number of voluntary sector forums, currently linked to each of the district based CVS organisations, also exist for the purposes of communication and consultation. The focus of these meetings is largely operational rather than strategic and the Consortium wishes to explore the potential of a pan-Wiltshire voluntary sector forum, with membership drawn from district forums, for improving representation at a

strategic level. The Consortium would hope that representation to Local Strategic Partnerships and the LAA would in future be drawn from a Wiltshire forum, moving away from the current approach of invited representatives. Such an approach would ensure better connectivity between frontline organisations and the Consortium, and in turn local government, the LSPs and the LAA and other agencies through facilitating clearer and more effective linkages, building confidence in consultative and representational processes.

In some areas (for example, Staffordshire, Gloucestershire), voluntary sector Assemblies have been set up, similar to the model described above. In Gloucestershire all voluntary and community organisations are members of the Assembly by right. The Assembly has a number of strategic groups which both receive and make strategic proposals. The Assembly nominates via democratic election representation on the LSP and LAA Boards, and other thematic partnerships, ensuring a spread of representation from the wide spectrum of interests and expertise (environment, faith, health, equality, advice, neighbourhoods etc) within the voluntary and community sector. The Assembly has an Assembly Board, also elected from its membership.

Any focus on organisational restructuring in Wiltshire will not be easy, but there is a willingness, at least amongst some infrastructure organisations to contemplate change in the interests of achieving a stronger partnership role. Developing the infrastructure consortium as a gateway organisation for support to the voluntary and community sector and a forum model similar to the Gloucestershire Assembly for Wiltshire would clearly bring benefits to both the sector, local government and other agencies in establishing a structure that can support and sustain an improved strategic partnership.

The willingness and commitment of the Consortium to consider these developments presents a considerable opportunity to establish clearer and stronger leadership in the VCS and the creation of mechanisms for streamlining, simplifying and assuring greater effectiveness in partnership working, strategy development and delivery for Wiltshire. This would mark a step change in partnership working with the VCS. Co-ordinated action should be taken by WCC, their partners and the Consortium Members to explore the potential of an Assembly model for Wiltshire, and the creation of a single infrastructure gateway organisation, building on the progress made so far within the Consortium.

Recommendation 2

The Wiltshire and Swindon Infrastructure Consortium, WCC and WPCT jointly explore the potential for clear proposals that will lead to the creation of single infrastructure gateway organisation for Wiltshire within an agreed timescale.

Recommendation 3

The Wiltshire and Swindon Infrastructure Consortium, WCC and WPCT jointly initiate explore the potential for the development of a single VCS Assembly for Wiltshire within an agreed timescale.

The Views of the Voluntary and Community Sector

The Government's review of the third sector conducted a nationwide consultation with the sector to elicit views on how relationships could be improved and what specific actions the sector would like the Government to consider to achieve this. These have been published both within the review itself and as a separate report ⁵.

Many of these actions relate to issues such as the law relating to charities, how the sector is regulated, and how central government might provide financial support and other support to encourage its development and capabilities.

The Government's response has been to set out a number of intentions to increase support, for example Budget 2007 announced additional funding of approx £50,000 will be channelled to the voluntary and community sector through the 2008/09 local government settlement, routed through the ...LAA block allocation. Other initiatives include a "new £50 million local endowment match fund to enable local independent foundations develop community endowments to provide sustainability in future grant funding building on the £80 million small grants programme for community action and voice announced in the Budget 2007" ⁶.

Other issues raised, however, are of relevance at a more local level, and the Government's review identified four common goals for the future:

- Enabling greater voice and campaigning – participation in voluntary and community sector organisations is one way of achieving influence at local and national level. Over the last decade the role of the sector has been substantial from fighting poverty ('Make poverty history') to publicising and promoting action to combat climate change
- Strengthening communities – VCS organisations have a major role in strengthening community cohesion, making connections between people, fighting for equal rights and combating discrimination and prejudice.
- Transforming public services –VCS organisations can be a potent catalyst for change, designing new services and innovating.
- Encouraging social enterprise – combining social and business objectives to create new ways of delivering outcomes.

To achieve each of these the government has set out a range of specific measures, some of which are alluded to above. At the same time it has sent out some clear messages about how it intends for itself and other governmental organisations to work with the VCS. It identifies three principles that should run through the relationship with the VCS in future:

⁵ Consultation feedback on the future role of the third sector in social and economic regeneration, HM Treasury, Cabinet Office. June 2007

⁶ The future role of the third sector in social and economic regeneration: final report, HM Treasury, Cabinet Office. July 2007

- Working with a fuller range of organisations and supporting a wider range of activities, particularly community action and campaigning
- A greater emphasis upon investing in the long term sustainability of the VCS's work
- A greater focus on partnership working

These themes and other issues raised in the national consultation have been mirrored in the local consultations with the VCS carried out for the purposes of this review.

A series of four district based consultation events were held in September and October to elicit the views of a range of VCS organisations. A total of 49 organisations participated in guided small group discussions where they were asked to comment on the following issues:

- How well the current relationship between WCC/PCT is working and what would improve it?
- What factors support positive relationships?
- What could WCC/PCT do to help the VCS do its work better?
- What did participants think the distinctive contribution of the sector is?
- Were participants aware of the Wiltshire Compact and how well is it working?

Although some participants expressed concern that any negative comments would elicit retribution, most were prepared to express their views openly and candidly.

As expected, there was a wide range of views, with some participants characterising the current relationship as good, others very poor, but most organisations expressing views which fell in between. Views of the level of engagement by the PCT were universally negative. Nearly all participants had experience of receiving funding from WCC and some from the PCT, though this was not necessarily the determining factor in their perceptions. Equally important to participants was the perceived low level of understanding of both organisations of what the VCS does and the perception that both organisations viewed the sector as a source of cheap services and was amateurish.

Overall, there was much restrained indignation that the sector did not receive the recognition it deserved for the services and community support it provides, though individual officers were sometimes singled out as the exception to the general view. One group said "We bring in shedloads of money, volunteers, and achieve outcomes which help the WCC and the PCT meet their targets".

Many organisations were critical of the lack of involvement of the sector as a whole in strategic planning and consultation, and a number of people, both within the consultation exercises, and outside, cited the preferential treatment given to certain

organisations in being members and purportedly representing the VCS on the Wiltshire Strategic Board (WiSB) but who were not democratically elected to do so by the VCS. They regarded this as yet another manifestation of the lack of recognition and disrespect afforded them (to be fair, one VCS member of WiSB did express discomfort at this situation, but said that it had been a struggle to get any recognition at all and so VCS members had opportunistically secured places, albeit by invitation).

More positively, many organisations did recognise the positive work that they did on individual services with the different Departments of the Council. Where this worked well or badly they cited factors such as:

- Continuity of officer contact, ease of access, and particularly valued officers who took an interest in their work, knew their service, understood their problems and was prepared to discuss issues with them. Conversely, lack of continuity and arbitrary decisions were cited as negative factors.
- Open and honest communication was valued too, even if there was bad news.
- Timely decisions on renewal of funding for the forthcoming year.

Many participants cited the late communication of funding decisions, and how the uncertainty created operational difficulties and problems with cash flow for organisations that have little if any reserves, yet were expected to carry on .

- The independence, professionalism and expertise of organisations being recognised, notwithstanding the existence of a funding relationship.

Some cited what they saw as at times an insensitivity by commissioners and an unwillingness to accept that as delivery organisations they were in a position to provide expert opinion on service provision. There was particular criticism of how advocacy services for the County were re-procured with what some participants viewed as a total disregard of the advocacy organisations' advice, the perceived assumption being this was based on self interest rather than an objective and professional view.

Improving joint working was seen as essential:

- Some participants were aware of the Government's review and were keen to emphasise the importance of finding ways of enhancing partnerships. Some participants clearly recognised the potential of the current policy climate, and wanted to engage in constructive dialogue about potential structures and agreements that would push this forward. Many participants wanted WCC/PCT to support and encourage and provide leadership to the VCS and recognised the value of 'in kind' support as well as more tangible support.
- Sustainable funding was cited by many organisations as a key factor, with some organisations feeling that their ability to innovate was repeatedly compromised by short term funding support.

- Some organisations felt that risks were not equally shared, even where services had been commissioned, so that there was no recognition that unexpected events causing financial difficulties should be managed together.

The importance of these comments should not be under-rated. Their power lies not in the individual comments or the examples cited – though it is important for the process of the consultation to accurately record them – but that they demonstrate a level of disaffection born of day to day experience, that is widely shared, at least amongst the organisations attending the consultations events, and show a negative perception of WCC/PCT that will affect a relationship that must be important to all parties.

Many of the issues creating a negative impression are easy to deal with because they concern the day to day minutiae of the basics of joint working – timely decisions, easy access, good communication.

Other matters are attitudinal – respect, recognition, trust – and can be dealt with by fostering a greater understanding of the sector, which involves both WCC/PCT making efforts to understand the sector as it operates and functions in Wiltshire, and the VCS itself doing more to help itself and communicate and present its contribution. This must be a matter that infrastructure organisations helping the sector as a whole to do this, and moving away from what can appear at times to those not familiar with the sector to be a preoccupation with funding issues.

Recommendation 4

WCC/PCT review the arrangements for day to day working with representatives of the VCS ensuring as far as possible there is ease of access, continuity of officer relationships and problem solving assistance.

A third group of matters are the understandings, mechanisms, structures and people that support partnership working. Both WCC/PCT have their part to play. This report has so far attempted to deal with the first two of these areas. It now will attempt to suggest some ways forward for the third.

Funding of the Voluntary and Community Sector by WCC and WPCT

As part of the work undertaken for this review a register of all funding received by the VCS from WCC and WPCT has been created. The purpose in establishing the register was to ensure that a complete picture of all funding being received by the VCS was created, as there appeared to be confusion and misinformation within both WCC/PCT and the VCS about both the level of funding received and the way in which this should be managed.

Table 1 below provides a high level profile of the funding.

Table 1 Funding received by the VCS in Wiltshire from Wiltshire County Council and Wiltshire Primary Care Trust 2007/08

Department	£Million	
<u>Wiltshire County Council</u>		
DCS	31.623	(including funding for care homes)
DCE	2.704	
ESD	2.103	
Corporate grants	0.500	
<u>Wiltshire Primary Care Trust</u>	3.771	
Total	40.701	
Total excluding residential/nursing care	18.124	

Excluding the costs of residential and nursing care homes to voluntary (not for profit) organisations – which are not community services – almost all funding is spent in Wiltshire through Wiltshire based organisations. Only 0.5% is spent out of county.

Current funding contributes to the income of around 400 different organisations delivering more than 1100 different services or projects.

It would also appear that less than 2% of total WCC and WPCT expenditure supports infrastructure development and costs in the VCS.

When looked at in its totality the amount of funding flowing to the VCS in Wiltshire, together with the spread of services provided, is significant. It emphasises the mutuality of the relationship, both in the dependency of the VCS upon the funding received, and the reliance of the Council and the PCT on the VCS for delivery of services.

It also contradicts the view, expressed at times during the consultation exercises with the VCS that the statutory agencies are not providing sufficient support to the sector. Whilst current funding may not be structured in the way that the VCS might have

anticipated - that is it predominantly flows through a procurement route - the statutory agencies, and WCC in particular, are making a large contribution to the income of the sector. It is in the interests of all parties therefore, that the way funding is provided and received is more transparent.

A framework of understanding for how the funding relationship might be structured in future to achieve this is given below.

'Shopping, investing, giving'

The fundamental principle underlying a 'shopping, investing, giving' framework is that any funding that is provided to the VCS by WCC and WPCT should be aligned to the achievement of strategic and corporate objectives. Both the Council and the PCT must meet performance objectives, achieve best value and ensure accountability for the use of public funds. Funding arrangements must meet the requirements of the law and of the funding bodies' respective procurement rules. The funding relationship with the VCS must reflect these considerations.

A shopping, investing, giving framework meets these requirements. It recognises there are three types of funding relationship between WPCT and WCC and the VCS:

- Procured services, where services are specified and a formal selection exercise to identify a suitable provider is undertaken. A contractual agreement to fund the services is put in place between the parties. In the County Council these arrangements are covered by the Council's procurement policy and procedures. These are essentially commercial arrangements.
- Investing, where funding is paid to an infrastructure organisation that supports frontline voluntary and community sector organisations to support its core or developmental costs
- Giving, where small grants are awarded to organisations to either support their general objectives or for specific developmental or pilot work

All of these approaches are evident in the funding received by the VCS but funding relationships do not follow the approach outlined. There are many Service Level Agreements (SLAs) which define objectives and outputs tied to funding which have been put in place to support the award of funding to organisations that have not been through a formal procurement exercise, albeit these are really contracts for commissioned services. There is also funding from budgets identified as grants or voluntary sector budgets, but which seem to be supporting mainstream commissioning and SLAs. The level of true grant funding (that is, funding which is essentially awarded to support the general objectives of an organisation or a service that is broadly aligned to the awarding body's objectives rather than tied to specific outcomes) is uncertain, but appears small. It is not clear what the basis of award of funding to infrastructure organisations is.

A coherent funding framework that defines the funder / supplier relationships between WCC and WPCT and the VCS is desirable. It can offer guidance to officers on how they should fund different activities with the VCS, and better tie funding to

the achievement of the strategic objectives of WCC and the PCT. It can demonstrate more clearly how the VCS using both funding from WCC and WPCT together with other funding is contributing to the achievement of LAA block objectives, establishing the golden thread between strategy and delivery.

Table 2 below summarises the proposed framework. The framework aims to achieve:

- Accountability for use of funding and outcomes agreed
- Clear rules of engagement between the Council/PCT and the VCS, that support the dual role of the VCS as a strategic partner and as providers of service
- Ensures there is an approach that balances sustainable funding and greater financial security in defined circumstances for the sector with the Council's/PCT's responsibilities as community leader and custodian of public funding
- Equal opportunity for small and large organisations alike, ensuring proportionality in funding and monitoring processes

Table 2

Service Type	Budget	Route to Funding
Commissioned service (value >£5000 p.a)	Departmental budgets	Procurement
		Partnering
Investment (value >£5000 p.a)	VCS Budget	Partnering
Qualifying Activity <£5000 >£5000	VCS Budget Departmental Budgets	Accreditation Partnering

The framework establishes the following criteria:

- Services that the Council wishes to specify and invite organisations to provide should be commissioned either through existing procurement routes or through a partnering route. Existing procurement regulations allow for a proportionate procurement approach to be undertaken depending upon the value and type of the contract.

In some instances a partnering arrangement (sometimes referred to as preferred partner) may be preferred to a traditional procurement route, Partnering involves the selection of an organisation through a two stage process that has many similarities with conventional tendering, though emphasising the willingness and ability of an organisation to work in

partnership but implies that a long term relationship will be put in place with the likelihood or guarantee of repeat business. Partnering arrangements would still be subject to formal contracts. Selection of partners via formal procurement processes ensures clear transparency of selection and equal opportunity for potential partners.

Partnering arrangements are useful in, for example, circumstances in which developmental and service design activity might go hand in hand with service delivery and where commissioners wish to directly influence new ways of working. To ensure continuing value for money an open book approach to service costs is usually part of the contract terms. They are not suitable for high volume services where many providers offer a similar service (e.g. residential care placements) but are suited to situations where service models are changing or new entrants are difficult to encourage.

Selection of procurement route would be determined by the nature of the contractual relationship sought by commissioners.

- Funding of a value greater than £5000 paid to an infrastructure organisation would be subject to a partnering arrangement. Investment in the capacity and capability of the VCS will become increasingly important as the level of services delivered by the VCS grows, and their role in developing social capital and in supporting community engagement develops. Partnering will facilitate elements of partnership working through funders and infrastructure organisations together identifying and achieving sector improvement, at the same time as ensuring delivery organisations are fit for purpose and accountable for delivery.
- Funding of a value of less than £5000 would be subject to a small grants route and be available for VCS organisations to bid for funding on an annual basis for qualifying activity. Qualifying activity refers to activities that are in support of the priorities of the Council but which are not core activities the Council wishes to directly commission.

The norm would be two years funding to ensure the effective recycling of funding, with a maximum of three years to ensure that there is no disincentive for organisations that wish to bid for support for innovation or experimentation and need time to evaluate.

Small grants could only be awarded to organisations that met specified accreditation criteria. The approach suggested here is that the VCS infrastructure organisations support a process of the VCS conducting this for itself, and only organisations with accredited status would be considered for funding.

Some infrastructure organisations in Wiltshire have been exploring the PQASSO (practical quality assurance system for small organisations) quality assurance system specially developed by the Charities Evaluation Service (itself a charity), for small organisations within the voluntary and community sector. Successful completion of the assessment entitles organisations to the

award of the PQASSO Quality Mark. This potentially would lend itself to use as an agreed accreditation system and it is suggested that WCC/PCT/VCS together explore the potential and feasibility of PQASSO to form the basis of an accreditation system

Accreditation would in itself, however, offer no guarantee of future funding, but would signal that an organisation was judged to have met minimum standards for governance, financial probity and accounting, and service delivery arrangements, speeding up and streamlining the process of applying for and agreeing funding.

- Organisations wishing to bid for funding of a value greater than £5000 would be subject to Departmental decisions on whether the proposed service is affordable and of interest to the commissioners. If it was, applicants would be subject to a partner evaluation and only awarded funding if the evaluation was successful. This approach would have the merit of deterring speculative bids, at the same time encouraging new thinking and new ideas.

The framework proposed here is dependent upon commissioners being clear about their priorities and communicating these effectively to the voluntary and community sector through clear guidance and advice, seeing the VCS as part of the market from which services and activities are secured.

Performance

Accountability through performance monitoring is a condition of receiving public funding. This applies no less to the VCS than to other organisations. Generally the VCS recognises this but wishes to see performance monitoring and reporting proportionate to the value of funding received, organisational evaluations already carried out prior to receipt of funding, and with acknowledgment of the burden this can place on scarce resources of staff and time.

With these factors in mind, the following approach to monitoring and assessing performance in the VCS is suggested:

- VCS organisations are categorised according to areas of activity – infrastructure, community action / engagement, environment, advocacy, service provision for example
- Generic standards with appropriate indicators would apply to all organisations – these would be satisfied by achievement of the PQASSO Quality Mark, or the procurement or partnering standards
- A set of activity measures and performance indicators for each category group would be devised - applied to all organisations operating in a specific category. Funders would have the discretion to either unilaterally or on request modify the amount of information required for very small organisations or very low value / low risk awards – for example, by reducing the number of

performance indicators applied.

- At the discretion of the funders any additional agreement specific performance indicators required, tailored to the individual award / service provided.

Managing Expectations

In adopting this framework WCC/PCT/VCS will achieve a greater clarity about their reciprocal obligations and expectations.

In addition to the issues already identified, though, there are two other understandings which need to be explicitly recognised. These are the issue of full cost funding and the responsibility of the sector itself to seek out and access other sources of funding.

One of the major concerns of the VCS is that historically, many services funded by statutory organisations in the sector have not recognised the legitimacy of the principle of full cost recovery, unlike contracts awarded to private suppliers, threatening the long term sustainability and security of the sector. HM Treasury's comprehensive review of the third sector in 2002 endorsed the principle in offering guidance to government on procurement practice with the VCS. Since then, the Association of Chief Executives of Voluntary Sector Organisations (ACEVO) has been pursuing a campaign to publicise the issue and encourage and train VCS organisations to apply the principle to funding requests and negotiations.

One of the reasons, however, for engaging in partnership working is that partners quite often can bring a shared approach to funding activities of mutual interest, with each contributing funding. This principle should apply equally to the VCS, and there should be every expectation, based on a requirement of all parties to achieve maximum efficiency in the use of public funds, that the VCS seek to access additional sources of funding. The VCS has access to funding that the Council/PCT does not and a joint approach can, for example, provide matched funding that enables the VCS to lever in additional funding. Many authorities have become expert at maximising income to their localities by maximising the potential of matched funding. In Wiltshire support for all parties for this approach can be obtained from the bidding unit located in the Department of Environmental Services in WCC, and from the Charities Information Bureau in the VCS.

The National Audit Office (NAO) ⁷ has issued a discussion paper concerning full cost recovery, and concluded that it is not appropriate in every circumstance. One reason for this is that the NAO concludes the VCS operates in a competitive environment like many other organisations, and should be free to determine its approach to pricing in an environment of competitive procurement.

The principle suggested here is based on the balance of benefit accruing to funders and to the VCS. Where the principal benefit is that of the commissioners, as in specified services, full cost recovery should apply as the general principle, though individual organisations may choose not to include some elements of costs in their

⁷ Office of the Third Sector – Implementation of Full Cost Recovery, National Audit Office. June 2007

prices as a matter of competitive advantage. Commissioners should, however, satisfy themselves that where full cost recovery cannot be demonstrated in pricing, that resources are in place elsewhere to support full costs of the service. Otherwise, there is a significant risk of services not being viable, and costs escalating during the life of a contract.

Where there is mutuality of benefit, as in investment and in grant funding partial cost recovery should apply. The basis on which this might be done is either through a fixed proportion of the value of the funding awarded, which could differ for investment services and grant funding (for example 50/50 VCS organisation / Council for investment and 80/20 for grants), or through a negotiated settlement.

Supporting the Framework

Neither the Council nor the PCT have sufficient dedicated time for supporting a strengthened partnership with the VCS. Support from the PCT comes from commissioning staff who have many other responsibilities. Support from within the Council is shared across a number of Directorates, and each Directorate has its own commissioning approach with the VCS.

The Department of Adult and Community Services provides some capacity to co-ordinate Compact work, communication with the VCS, and an annual administration of the current small voluntary sector grants process.

The framework set out above, together with requirements for effective communication, liaison with the VCS, better performance monitoring, and support to the creation of a proposed Assembly and revised Infrastructure Consortium, will need both dedicated development and continuing support capacity. The funding framework, if adopted, also implies a review of budget allocations and cost centres to bring existing and future funding into line with the framework, including management of transition arrangements. Unification of cost centres for grant funding and infrastructure support will also be needed to support a more consistent approach. It is suggested that the Council/PCT consider the creation of a VCS Support Unit, locating budget responsibility for grant funding and infrastructure support with the Unit.

Scoping the remit, function and resource requirements of the Unit would be subject to further detailed work. It is envisaged that no additional costs would be incurred; rather that existing resources devoted to support for the VCS within the Council/PCT are restructured, including from within existing commissioning / grants budgets.

Commissioning responsibilities would remain with Directorates.

WCC Internal Compact Steering Group

The WCC internal compact steering group exists to support awareness, and adherence to the principles of the Wiltshire Compact within the Council. With the creation of the proposed VCS Support Unit this responsibility would transfer to the proposed VCS Support Unit.

Rather than disbanding this group, however, it is proposed that it becomes a VCS Advisory Group with a changed remit of providing guidance to the VCS Support Unit on Departmental and corporate funding priorities to assist and advise the grant and investment funding decision processes. It would also have an important role in bringing together Departmental commissioners to provide a reference group for other streams of work such as Compact development, and providing a conduit for Departmental and corporate support for other developmental work. It is suggested that WCC consider enlarging the group to involve the VCS.

Recommendation 5

WCC/PCT adopt the 'shopping, giving, investing' framework set out in this report.

Recommendation 6

WCC/PCT develop a transition plan for moving all existing funding arrangements with the VCS to the proposed framework within and agreed timescale.

Recommendation 7

WCC/PCT conduct further detailed work to scope and implement the outline the performance assessment framework outlined in this report

Recommendation 8

WCC/PCT in consultation with the VCS adopt the principles and practice of the full cost recovery framework outlined in this report.

Recommendation 9

WCC/PCT with the VCS evaluate the potential and assess the implications of the PQASSO quality assurance framework to support accreditation of VCS organisations

Recommendation 10

WCC scope and implement arrangements for a VCS Support Unit as outlined in this report.

Recommendation 11

WCC review the function and remit of the internal Compact Steering Group in line with the proposals outlined in this report.

The Compact

In 1998 the Government and the Voluntary Sector agreed to improve relationships and to establish a Compact, or agreement, setting out how the relationship between the two should work.

The Compact has now evolved to contain five codes of practice, setting out the principles to underpin the relationships and working practices in five areas – funding, consultation, black and minority ethnic organisations, volunteering and community groups.

Since 1998 the expectation has been that local Compacts should be put in place and now 99% of local councils and other statutory agencies have a Compact in place.

Wiltshire published its Compact in September 2005. The signatories to the Compact include Wiltshire County Council, Wiltshire Primary Care Trust (as inheritor of the agreement from its predecessor PCTs), Wiltshire's District Councils and the Wiltshire Infrastructure Consortium members acting as independent organisations (with the exception of the Swindon Volunteer Bureau).

The Wiltshire Compact is supported by a county wide Compact Board with both statutory sector and VCS membership, and an internal WCC/PCT Compact Steering Group. The Compact Board has the remit of overseeing the implementation and operation of the Compact in Wiltshire, also acting on complaints about alleged breaches of the Compact, though the Compact has no legal status, being a voluntary agreement. The internal Compact Steering Group of WCC/PCT acts to raise the profile and awareness of the Compact within the County Council and the PCT.

Review of the Compact

The Compact Board undertook an internal review of the working of the Wiltshire Compact in July 2007. The review identified a number of concerns that it felt had contributed to the Compact not being as effective as it had hoped when it was first agreed.

These included:

- The lack of clear leadership for the Board, able to construct relationships at a senior level in the statutory organisations – at the time of writing there is still the need to appoint a Chair of the Board.
- The absence of a clear strategy for the inclusion of the VCS in service delivery and other activity in Wiltshire.
- Strategic planning within the VCS was compromised by the fragmentation of leadership between different infrastructure organisations – some members of the Board felt that a single CVS for all of Wiltshire might be a model for dealing with this.

- The Compact Board was not connected to Wiltshire Strategic Board and therefore it was unable to influence strategic direction and the role of the VCS with WiSB's members.
- Since publication, the Compact had not had the profile it needed, hence many officers in WCC/PCT appeared unaware of the principles agreed and how they should be working with the VCS.

Consultation with the VCS

Feedback was also sought from the VCS organisations that attended the consultation events conducted for this review. There were mixed responses, with a number indicating that they had not even heard of the Compact. Those organisations that had universally commented that it had made no appreciable difference to working relationships with the VCS, with some saying they thought it was “extinct”. There was much comment about alleged breaches of the code on consultation, with many organisations citing a three day consultation timetable for a service reconfiguration by the PCT, in contravention of the agreed twelve week timescale.

Most concerns were about this area, clearly reflecting other comments about lack of respect and lack of recognition.

The Utility of the Compact

Some of the views expressed through the Compact Board and the consultation events can be attributed it would appear to the expectations set out at the inception of the Compact. Many organisations and individuals – including in WCC/PCT - have a view that the Compact is the defining instrument of the relationship, when in fact it can only form a part of the framework that needs to be established, albeit an important part. It has been the weaknesses in some of the other parts – for example the absence of a clearly understood funding framework - that has been responsible for some of the disappointments felt. On the other hand, the VCS are entitled to expect that statements about organisational behaviour are adhered to though it would appear that many of these have occurred largely through lack of understanding or knowledge of the Compact.

The statutory organisations clearly have a responsibility to ensure that the profile of the Compact is addressed and maintained. So too does the VCS, if only because there is clearly incomplete knowledge and understanding of the Compact amongst some VCS organisations.

The Compact is a valuable vehicle for defining and agreeing relations between the statutory bodies and the VCS, setting the tone and spirit of the partnership. It can clearly establish a set of shared values and respect between organisations, defining the type of relationships expected, and the understandings that support them. It can also identify behavioural standards for communication, involvement and working practices alongside the other structural and operational issues identified in this report – creating a whole system approach to partnership working.

It would clearly benefit this whole system approach to establish a review of the current Compact, its principles, and the messages it contains about effective partnership behaviour. Renewing and refreshing these in the context of the other recommendations of this report would assist the raising of its profile, and allow WCC/PCT and the VCS, together with the Compact Board, to plan and implement a way forward.

Recommendation 12

WCC/PCT and the VCS together review the current Compact and its future operation in the context of the framework of partnership working set out in this report.

Recommendation 13

Subject to the outcome of the review of the Compact WCC/PCT, in conjunction with the Compact Board, plan and implement a programme to increase the profile and awareness of the Compact in WCC/PCT and in the VCS.

Objectives of the Review of the Voluntary and Community Sector in Wiltshire July - October 2007

- Establish a Council and PCT wide co-ordinated approach to funding the Voluntary and Community Sector
- Establish a comprehensive register of Voluntary and Community Sector organisations receiving funding from Wiltshire County Council and Wiltshire PCT.
- Agree a transparent framework which distinguishes between commissioned activity and grants for funding and supporting the Voluntary and Community Sector that achieves best value for the people of Wiltshire
- Establish a framework for performance measurement, monitoring, and control that is proportionate to required outcomes and allows the County Council, the PCT and the Voluntary and Community Sector together to understand how voluntary and community sector activity contributes to the strategic objectives of Wiltshire County Council and Wiltshire Primary Care Trust
- Review, refresh, and reaffirm the principles of *'working together, better together'* contained in the Wiltshire Compact
- Scope and review total funding of the Voluntary and Community Sector in Wiltshire by WCC and Wiltshire PCT.
- Review the capacity and capability of the County Council, the PCT and the to manage and develop relationships with the Voluntary and Community Sector
- Determine options for aligning organisational arrangements to support improved working with the voluntary and community sector.
- Assess the implications of a strengthened framework of funding and performance management for the PCT, WCC and the Voluntary and Community Sector

Summary of Recommendations

Recommendation 1

The County Council, the PCT and the VCS together determine the most effective way of mapping and assessing the economic and social impact of the voluntary and community sector in Wiltshire

Recommendation 2

The Wiltshire and Swindon Infrastructure Consortium, WCC and WPCT jointly explore the potential for clear proposals that will lead to the creation of single infrastructure gateway organisation for Wiltshire within an agreed timescale.

Recommendation 3

The Wiltshire and Swindon Infrastructure Consortium, WCC and WPCT jointly initiate explore the potential for the development of a single VCS Assembly for Wiltshire within an agreed timescale.

Recommendation 4

WCC/PCT review the arrangements for day to day working with representatives of the VCS ensuring as far as possible there is ease of access, continuity of officer relationships and problem solving assistance.

Recommendation 5

WCC/PCT adopt the 'shopping, giving, investing' framework set out in this report.

Recommendation 6

WCC/PCT develop a transition plan for moving all existing funding arrangements with the VCS to the proposed framework within and agreed timescale.

Recommendation 7

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