



Voluntary & Community Sector Commissioning Framework

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1. Introduction

1.1 Dacorum has a rich history of widespread community activity which makes a difference to the lives of residents and their neighbourhoods.

1.2 The Voluntary and Community Sector (thereafter referred to as the VCS) in Dacorum is thriving and diverse. It covers the whole spectrum of local authority responsibilities and embraces all organisations that cannot be described as public or private. The organisations that make up this sector can range from small volunteer/single worker organisations to large and complex national agencies.

1.3 Dacorum Borough Council (the Council) has a long tradition of working with the VCS and recognises strong partnerships have been formed, which have contributed to the development of both the Council and the VCS. We want to develop this relationship further and are working together to create a commissioning framework which will bring about a new level of transparency and consistency to future funding agreements, and improve and develop the VCS's role in delivering public services.

2. Why the Change?

2.1 The Council currently provides a number of VCS organisations with core funding. Core funded organisations are those that:

Are operating in the VCS

- Are receiving a minimum of £10,000 grant funding from the Council each year and have done so for a minimum of three years
- Have a Service Partnership Agreement with the Council
- Share the philosophy of addressing the social needs of the Borough

2.2 In addition to core funding, the Council provides annual grants of a substantial amount and a programme of small grants which are awarded on an annual basis.

2.3 The decision to award core funding to the organisations currently receiving it is historical. With the introduction of the new Equality Framework for Local Government, the current approach may be increasingly at risk of challenge with regard to the equality, fairness and transparency of the process.

2.4 Furthermore, some of the core funded organisations currently appear to be dependent on Council funding for their continued existence. Not only is this an unsustainable position for the Council, it is also detrimental to the wider local VCS sector (Society of Local Authority Chief Executives, 2009). In a time of recession and with the anticipated future reduction in local government funding and resource, such a degree of financial dependence is a position requiring careful consideration and review.

2.5 A move to a commissioned approach to funding will afford the Council a raft of opportunities moving into the future, and seeks to deliver the right outcomes at the right cost. It will also develop the capacity of the VCS and provide more opportunities for their involvement in the delivery of public services.

3. National Context

3.1 Government has recognised the importance of retaining a choice of funding mechanisms for procuring services, as stated in the report from the Treasury Third Sector review. The 2006 Local Government White Paper endorsed the principle of a balance of grants and contracts depending on the purpose of funding. The Council wants to adopt best practice in its approach to funding the VCS in Dacorum.

3.2 Dacorum Borough Council has taken part in the ‘National Programme for Third Sector Commissioning’ which aims to increase understanding of the VCS and co-ordinate specialist guidance and support on commissioning services.

4. Local Context

4.1 The ‘Transforming the Relationship with the Third Sector’ Task and Finish group was set up in 2008. It produced a number of recommendations which were approved by the Council’s Cabinet in March 2009. One of these was to set up a steering group to make recommendations to Cabinet about the future of procurement and commissioning by the Council. Council Officers have been working with a group of VCS representatives to develop a collaborative approach to commissioning.

4.2 The Dacorum Compact aims to promote partnerships between the Statutory Sector and the VCS for the benefit of everyone in Dacorum. It provides a framework for collaborative working and as a result, more effective and co-ordinated services for the local community. The Council is committed to the Dacorum Compact and will adhere to the principles within it when commissioning. The Compact and its associated codes, particularly the code of funding and procurement needs to be embedded in commissioning practice.

5. The Current Position

5.1 Strengths: There is a long history of working together with the VCS in Dacorum to meet our residents’ needs. There are many successful funding arrangements in place which have beneficial outcomes for our community. The value of the VCS in Dacorum is well recognised, with many volunteer-led organisations working to address local problems and needs. The strengths of the VCS in Dacorum are recognised as:

- A high level of local knowledge and data gathering;
- A unique insight into the needs of service users;
- The delivery of responsive user focused service;
- A strong track record of delivering a range of beneficial outcomes;
- The ability to encourage a high level of community and user involvement, particularly with vulnerable people;
- Independence from existing models of service delivery that enables innovation and challenge to the status quo; and
- Experienced and committed leadership with the ability to draw in external funding thus adding value to the local community.

5.2 Areas for Development: The Council recognises that funding arrangements are not always as transparent as they could be. Many funding agreements are based on historic arrangements and resulting Service Level Agreements (SLAs). Existing SLAs do not always reflect the requirements of the Compact, Council Constitution or Government best practice. We need to move to a position where funding agreements are transparent, have clearly defined and measurable outcomes, and offer the best value for service users.

6. The Principles Underpinning This Framework

There are eight principles which are considered to make up a good model of commissioning:

- ***Understanding the needs of users*** and other communities by ensuring that, alongside other consultees, you engage with the VCS organisations, as advocates, to access their specialist knowledge;
- ***Consulting potential provider organisations***, including those from the VCS and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service;
- Putting ***outcomes*** for users at the heart of the strategic planning process;
- ***Mapping*** the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes;
- Considering ***investing in the capacity of the provider base***, particularly those working with hard-to-reach groups;
- ***Ensuring contracting processes are transparent and fair***, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate;
- ***Ensuring long-term contracts and risk sharing***, wherever appropriate, as ways of achieving efficiency and effectiveness; and
- ***Seeking feedback*** from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

These commissioning principles have been incorporated into the Council's Procurement and Commissioning Strategy which is available on the Council's website at: <http://www.dacorum.gov.uk/pdf/Procurement%20-%20Strategy.pdf>

7. How the Framework Operates

There are three channels available for funding the activities/services of the VCS in Dacorum:

- Commissioning & Procurement (over £10,000);
- Strategic Partner Programme; and
- Grants (under £10,000).

8. Commissioning and Procurement

8.1 Commissioning and procurement is the strategic activity of assessing needs, resources and current services to develop a strategy to make best use of available resources to meet the assessed needs. As a part of this process the potential impact on equality groups needs to be fully considered. This is done through the completion of an Equality Impact Assessment (EIA).

8.2 Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole life cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the decision on whether to provide the service in-house or to purchase from an external provider.

8.3 The Council's framework for the commissioning and procurement of services is set out in its Procurement & Commissioning Strategy. Guidance is available on the 'How the Council buys' section of the website. This shows how the Council tenders opportunities and explains the financial thresholds that apply.

A copy of the strategy is available from:

<http://www.dacorum.gov.uk/pdf/Procurement%20-%20Strategy.pdf>.

8.4 Contracts are used wherever services are purchased through the procurement route. They may also be used where the service provided:

- Is over £10,000 in value;
- Will be delivered by an organisation with the capacity to handle both the risks and the requirements involved in a fully contractual relationship;
- The circumstances for open tender are met (see below).

8.5 Commissioners will ensure they:

- Understand service needs;
- Understand and manage the market;
- Understand procurement; and
- Effectively monitor service delivery.

8.6 Once a service need has been identified, an EIA completed, a budget agreed, and a contract term and specification established, the Council will establish whether there is a ready market for the desired service. The value of the contract, over its term, together with other factors, will decide which procurement route is likely to offer the greatest opportunity for the market and value for money for the authority. Depending upon contract value, European procurement regulations may apply and the procurement route will follow prescribed timescales and conditions, as directed by European legislation. Lower contract values may give greater flexibility whereupon the authority's own governance procedures will apply. The service requirement will then be advertised and tenders sought.

8.7 Contracts will be issued for all procured services. The length of the contract will be tied to the length of the objective. The Council's standard contract is Compact compliant with the Dacorum Compact.

8.8 The principles of 'Good Contract Management' will be adopted when decommissioning or commissioning a service. Circumstances which require remedial action or a change in the commissioning plan may include:

- The Strategic priorities and service needs have changed;
- The Contract is not compliant and needs to be reviewed; or
- The Commissioner is not satisfied with performance of provider.

8.9 Towards the end of every contract cycle there will be a review and it will be up to the Commissioner, (based on assessment of need using commissioning principles) to decide whether to decommission, recommission or re-tender. Before any decision is taken, we will consult stakeholders and an EIA should be completed in consultation with those affected by any change. The default position is that the contract will end at the end of the cycle, unless it is recommissioned.

8.10 The performance of the organisation which is awarded the contract will be managed and evaluated in accordance with what has been set out and agreed as part of the service specification and contract. Performance will be managed against contract/specification and action taken if required to address any shortfalls.

8.11 There will be at least a yearly review of the provider's effectiveness, economy and efficiency in its use of the funding and evidence of community engagement/user involvement will be sought. The service specification and contract will also include any additional expectations, such as the acknowledgement of Council funding in publicity material and on the organisation's website.

8.12 Where possible, long-term contracts will be pursued (a three year contract is expected) and risks will be shared between the commissioner and provider. VCS organisations need to demonstrate a clear approach to managing risk.

9. Strategic Partner Programme

9.1 The Strategic Partner Programme will invest in a number of strategic partners who will work collaboratively with the council to develop capability and capacity in the VCS. Strategic Partners will provide second-tier support to the VCS in Dacorum.

9.2 Funding provided through the Strategic Partner Programme will contribute to the organisation's core costs and will not be intended for investment in specific projects. The organisation will commit to deliver certain outcomes or improved services to qualify for the funding and the performance against these outcomes will be managed through an agreed process. Some VCS organisations qualifying for the Strategic Partner Programme may also have contracts with the council for additional services provided.

9.3 Eligibility

To be eligible to apply for the strategic partner programme, VCS organisations must comply with the following points:

9.3.1 Carry out activities that are not for profit and do not include any public or local authority;

9.3.2 Work in England and provide quantifiable benefit to Dacorum;

9.3.3 Be a corporate body or have a formal constitution if not incorporated;

9.3.4 Be registered with the Charity Commission (if the organisation has charitable objects and registration is required); and

9.3.5 Be able to demonstrate a commitment to equality and diversity, have an Equal Opportunities Policy and Health & Safety Policy.

9.4 Assessment Criteria

VCS organisations applying for funding to the Strategic Partner Programme will be assessed against the following outcome based assessment criteria:

9.4.1 The extent to which the organisation will contribute to meeting the Council's strategic objectives, including its commitment to equality and diversity;

9.4.2 The ability to contribute experience and expertise to policy development as a critical friend;

9.4.3 The ability to advocate and give voice to service users and communities of interest to have their experience and issues articulated at a Borough level;

9.4.4 The ability to support coherence between organisations in the sector, including support for smaller organisations (ensuring small organisations are able to engage and participate through existing networks and forums or through partnerships with other member organisations);

9.4.5 The ability to demonstrate delivery against agreed outcomes; and

9.4.6 The robust governance arrangements and evidence that the organisation is efficient and effective and committed to finding ongoing efficiency savings to deliver value for money.

9.5 Expectations of Strategic Partners

Successful applicants to the Strategic Partner Programme will be able to demonstrate their capability and commitment to;

9.5.1 Working collaboratively with other organisations in the VCS at local, regional and national level;

9.5.2 Supporting the development and capacity of organisations in the VCS including small organisations in the borough;

9.5.3 Working at a strategic level to inform and act as an advocate on behalf of the wider VCS to the Council; and

9.5.4 Collectively contribute to the management and maintenance of a positive reputation of the Borough as a whole.

9.6 The Application Process

9.6.1 Applications to the Strategic Partner Programme follow a two stage process. Outline proposals are submitted at Stage 1 and successful applicants invited to submit a detailed proposal at Stage 2. Unsuccessful applicants will be provided with feedback.

9.6.2 Organisations intending to apply to the programme are strongly advised to contact the Council to discuss their proposals before submitting a Stage 1 application.

9.6.3 This is a competitive process for an investment programme with a limited budget and it is possible that not all applications that meet the criteria will be funded. Feedback on all unsuccessful Stage 2 applications linked to the criteria will be provided.

9.6.4 At Stage 1, applicants do not need to provide any supporting documentation. At Stage 2, applicants need to provide the following:

- Three 3 year plan for delivery on your proposal with detail of the work programme for the first year;
- Previous two years annual report and final accounts;
- Equalities policy statement;
- Health and safety policy statement;
- Staffing structure for the organisation;
- Organisation's business plan;
- Copy of memorandum and articles of association or constitution/ governing document.

9.6.5 In addition for consortia application, there is a need to provide:

- Details of the partnership or consortia arrangements;
- Confirmation from each organisation involved of their commitment to and role in the partnership/consortia; and
- Details of which organisation will be acting as the lead or accountable body.

9.7 Costing the Applications

Bids should be realistic and follow the principles of full cost recovery. Applicants should show their costs under two headings:

Capacity (infrastructure within the organisation required to maintain a strategic partner role e.g. staffing, office accommodation etc); and

Activities (detailed costs of the proposed activities to be undertaken in the role of Strategic Partner).

9.8 Funding & Monitoring

9.8.1 In line with Compact principles, funding to Strategic Partners will be provided for a period of three years. In the final year of funding, existing Strategic Partners will need to re-apply to continue to be part of the programme. At this point a new EIA will be carried out to make sure we are continuing to meet the needs of Dacorum's diverse communities.

9.8.2 A Funding Agreement will be used for all Strategic Partner funding. This agreement will set out conditions of funding and monitoring arrangements. It will also include any additional expectations, such as the acknowledgement of the Council's funding in publicity material and on the organisation's website.

9.8.3 In addition, as specific conditions of the funding, monitoring will focus on the completion of activities, the achievement of agreed outcomes and outputs and on efficiency in the use of the funding and how they have added value across the sector. Observer status on the board of trustees will be formally requested. There will be an annual review of the provider's effectiveness, economy and efficiency in its use of the funding, including a strong emphasis on feedback from local residents or service users.

9.8.4 Officers from the Council will be nominated as contract/commissioning managers and they will be responsible for performance management and evaluation. It is anticipated that meetings will be held at least quarterly to review performance against the agreed outcomes.

10. Grants

10.1 Currently the Dacorum Borough Council provides a range of grants to VCS organisations. It is recognised that there is benefit in using grants as a means of funding specific project related activity.

10.2 Grant funding opportunities will be advertised via the Council's website on the external grant funding monthly newsletter webpage (see www.dacorum.gov.uk). Contact the Grants Officer on 01442 228505 for further information.

11. Additional Support to VCS organisations The Council may also be able to support VCS organisations by:

Providing rate relief

- Government provides 80% business rate relief to registered charities.
- For more information see <http://www.dacorum.gov.uk/default.aspx?page=1841> or telephone the Business Rates Helpline on 01442 228268 .
- The Council provides core funded organisations with an extra 20% business rate relief.

Leasing our premises at an economic rent

- The Council may be able to assist in finding accommodation for your organisation.
- For more information contact the Estates team on 01442 228374

Glossary

Cabinet: It is the Cabinet's responsibility to take the day-to-day decisions that implement the Council's objectives. Each of the seven members of the Cabinet is responsible for a specific portfolio of our work. The items which were discussed at each of these meetings can be found on the Council's website at - <http://www.dacorum.gov.uk/default.aspx?page=1623>

Commissioners: Those in public bodies responsible for, primarily involved in, commissioning. This could be anyone involved in assessing needs, designing services, sourcing providers, monitoring and evaluation and is applicable, among others, to those involved in policy, service delivery, procurement and legal functions.

Commissioning: The cyclical process by which public bodies assess the needs of people in an area, determine priorities, design and source appropriate services, and monitor and evaluate their performance.

Full Cost Recovery: The principle that when a VCS organisation provides a service for a public body it should be able to recover all the costs of delivering that service. This includes not just the direct costs of the service but also the relevant proportion of all overhead costs. These overhead costs may include: premises and related costs; central functions, such as, human resources; governance and strategic development; provision for inflation and depreciation; and regulatory costs.

Procurement: Acquisition of goods and services from third party suppliers under legally binding contractual terms. Such acquisitions are for the direct benefit of the contracting authority, necessary for the delivery of the services it provides or the running of its own business.

Voluntary and Community Sector (VCS): Umbrella term used to refer to registered charities, non-charitable non-profit organisations, associations, self-help groups and community groups.