

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>20 JANUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>REVIEW OF THIRD SECTOR SUPPORT AND DEVELOPMENT SERVICES</b>
<b>PORTFOLIO AREA:</b>	<b>ECONOMIC DEVELOPMENT AND COMMUNITY SERVICES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To be advised of the outcome of a joint review of third sector support and development services; to approve the principles for future delivery and delegate authority to officers to deliver the proposal, in conjunction with relevant voluntary and community organisations.

### **Key Decision**

This is not a Key Decision.

### **Recommendations**

**THAT :**

- (a) the outcome of the review be noted;**
- (b) the principle of a single local solution to deliver support services to front line community & voluntary organisations, together with a shared services approach to back office functions, be approved; and**
- (c) authority be delegated to the Director of Resources, in consultation with the Director of Sustainable Communities, to negotiate and implement a single delivery arrangement in accordance with the agreed principle.**

### **Key Points Summary**

- A joint review between Herefordshire Public Services (HPS) and the Third Sector has been undertaken to consider future provision of support services to front line voluntary and community organisations across Herefordshire.
- The review has examined the needs of front line organisations, and taken account of the views

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Further information on the subject of this report is available from  
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of key stakeholders, the changing national picture and the financial constraints placed on HPS.

- A number of options for the future structure for the commissioning and delivery of support services have been developed, with a preferred option of a single local solution, with a shared services approach to back office functions, together with a balance of central and local support to front line voluntary and community organisations.

## **Alternative Options**

- 1 The review report (Appendix 1) provides further detail of alternative delivery options, together with a rationale for opting for the single entity.

## **Reasons for Recommendations**

- 2 HPS proposes to use the results of the Third Sector Support Services Review as a basis for future commissioning, both of services funded and those directly delivered by HPS. A decision on future delivery arrangements is needed at this point, with transitional arrangements in place by the end of September 2011, to enable continuity of service during the recommissioning.

## **Introduction and Background**

- 3 HPS recognises that voluntary and community organisations, as part of the wider civil society, provide a vital role in supporting communities across our county. Services provided to support these organisations are crucial in ensuring that those at the front line have the skills, knowledge and resources to, in turn, support individuals and communities to make a difference, giving voice and support to a wide variety of interests and opinions as well as shaping and delivering services which reflect local needs. HPS provides a significant financial contribution to the delivery of these services, both through direct delivery as well as funding to the voluntary and community sector for delivery of such services.
- 4 A joint review by HPS and the voluntary and community sector has been undertaken to inform future commissioning by HPS to ensure a coherent and cost-effective form of delivery, in order to sustain a thriving, diverse, independent and respected voluntary and community sector in Herefordshire. Implementation of the key principles outlined in the recommendations represents a substantial change to existing practice, but will deliver comprehensive, high quality support services, which are inclusive and flexible, as well as being sustainable, eliminating duplication and providing overall value for money.

## **Key Considerations**

- 5 There are a number of trends in policy at both and local and national level, that have influenced the need to review how best to support the community and voluntary sector in Herefordshire. Key factors include:
  - Total Place - already embraced in Herefordshire, with a move towards more locally focussed provision;
  - HPS adopting a commissioning rather than a provider focus;
  - adoption of Compact Principles;
  - significant resource pressures on local public services;
  - the 'Big Society' approach and the importance placed on solutions delivered through the Civil Society; and

- the Decentralisation and Localism Bill.
6. The review is also timely given the end of Capacity Builders funding in March 2011. This is at a time when the Government is consulting on future national support services. The “Supporting Stronger Civil Society” consultation document was issued in October 2010 and includes the rationalisation of infrastructure provision. The review process may mean that Herefordshire is well placed to access national funding to support the implementation stage.
  7. A cross-sector group (the Third Sector Support Services Review Group) was established under the chairmanship of the Council’s Director of Resources, to review support services provided to the voluntary and community sector in Herefordshire (also known as the third sector).
  8. There is a detailed definition of the support services covered by the Review in the Terms of Reference for the Review Group (Appendix 2). It is summarised here as the range of organisations which occupy the intermediary space between the State and the private sector, including voluntary and community organisations, charities, not for profit groups and social enterprises. In Herefordshire, they range from small local volunteer led community groups to large, countywide organisations.
  9. The scope of the review covered the support function within HPS, six third sector organisations currently funded by HPS to provide support services (Herefordshire Voluntary Action, Community Voluntary Action Ledbury and District, Community First, Herefordshire Council for Voluntary Youth Services, The Alliance and Age Concern Hereford and Worcester) as well as those services delivered within HPS to support the third sector. The majority of core funding to support these services is provided by HPS.
  10. The overall objective of the review was to achieve a consensus on the future provision of services, resources and delivery which would lead to:
    - Comprehensive, high quality support services that meet the identified and anticipated needs of front line third sector organisations.
    - Inclusive and flexible support services that are available, accessible and affordable to all front line third sector organisations across the county, and meet the varying support needs of different organisations.
    - Sustainable and effective delivery of support services that reflects good practice, eliminates duplication, fills gaps and provides value for money.
  11. The work of the Review Group has included
    - a survey of those third sector organisations which receive support services from either the third sector or HPS;
    - a mapping exercise of the scope of support services currently provided by the six third sector organisations and HPS;
    - the development of principal options for the future shape and resourcing of support and development services to the third sector. Grant Thornton were commissioned to do this work and their report is attached as Appendix 1.
  12. The findings of the review were shared with the Third Sector Interim Board, consisting of representatives of the Third Sector Forum in Herefordshire, and trustees of the six organisations affected. In addition, the Third Sector Interim Board commissioned an external challenge, testing the proposals with Board members and front line organisations. This approach was agreed in order to provide broader engagement in the process.

13. The Review Group reached a consensus on the general direction of travel, to respond to the future needs of front line third sector organisations, with the need to develop new delivery mechanisms and new commissioning arrangements, with a number of options under consideration.
14. The review concluded that the current approach to Third Sector Support Services lacks co-ordination. Furthermore, in some instances services are duplicated meaning value for money cannot be demonstrated and a lack of clarity exists about which organisation delivers what services. One of the agreed principles of the review was that it is a priority for HPS to deploy funding and staff resource in the most efficient way whilst providing the most effective service. A new commissioning arrangement for these services is therefore needed to ensure this priority is met, especially as the third sector will need to ensure even greater co-ordination of support to enable it to continue to meet the aspirations of the 'Big Society', within existing and future funding constraints.
15. The options outlined in the Grant Thornton Report also reference a need for shared 'back office' functions for the services which will provide greater collaboration and value for money. This is particularly relevant given the opportunity afforded by the HPS Shared Services programme. If not implemented, the danger is that of continued duplication, siloed working and under-utilised resources.
16. Analysis of the survey and mapping data conducted by Grant Thornton shaped the findings presented to the review group. The data suggested that those who use the services are broadly happy but the relevance to the wider community of front line organisations is unclear. Even so the majority of perceived needs appear to be met. However, the wider issue is whether this would remain the case in the future.
17. Grant Thornton concluded "that the level of unmet need will grow, and if it does, dissatisfaction with provision can be expected to grow with it, if the way third sector support services are provided does not change". The implication of this conclusion is there would be an impact on all organisations either receiving or delivering third sector support services. A wider impact was felt to be a limitation of the extent to which civil society organisations are able to respond to the emerging developments evident in government policy aimed at support the Big Society agenda.
20. The Review Group agreed a short list of options, as detailed in the Grant Thornton report (appendix 1). The Review Group reached a consensus on a localities focus as being the preferred direction of travel; which is consistent with likely developments in the county (and nationally). However there were some concerns about the feasibility of implementing local 'spokes' in terms of implementation complexity and potential cost.
21. Feedback from the challenge process conducted by the Interim Third Sector Board (Appendix 3) provided useful comment on the strengths and weaknesses of the options under consideration. This included the need to ensure that support services were promoted more effectively, targeted to meet the needs of a diverse sector, ensuring quality of service, as well as ensuring that expressed needs were met. Whilst face to face engagement could be important, it was felt that a local "fixed" provision was not necessarily required. There were also areas of support identified which were thought not to be currently provided. A key overall message was "Be brave – make a change for the better". There are therefore some clear recommendations for better communication and marketing of services, as well as flexibility in terms of service delivery, driven by the needs of the sector.
22. The views of the Community Services Scrutiny Committee were also sought and the following issues raised:
  - Whilst it was clear there was commitment to the process by those involved, it was important that specific skills offered by individual organisations should not be lost

- Consideration should be given to how the existing system had evolved
- If all organisations were merged, there may be a danger that volunteers would be lost

23. The Review Group met to consider these responses on 9<sup>th</sup> December. Key principles were agreed:

- one single, local solution for Herefordshire
- shared services, to deliver back office functions, to deliver efficiencies
- flexibility about delivering in localities, looking at smart technology / outreach provision
- firm up the role of the Third Sector Board, in representing and supporting the sector

It should be noted that some of the third sector organisations in the Group deliver both front line and support services and will therefore need to understand and assess the implications of the development of a single delivery mechanism for support services on the future of their organisation.

24. Whilst it is entirely appropriate for HPS to clearly set out its commissioning intentions, it is a matter for the third sector organisations, as independent bodies, to determine how they will structure themselves to deliver the commissioned service.
25. To enable negotiations to take place regarding the more detailed arrangements to deliver this change the funding and staff resource available from HPS and a commissioning plan will be agreed over the forthcoming months with the date to commence transition agreed for 1<sup>st</sup> April 2011.
26. The Third Sector organisations involved in the Review have been advised that reductions in funding will need to be implemented next year. However, to provide continuity of service delivery during the transition period, it is proposed that existing service level agreements will be extended for a further 6 month period, until 30<sup>th</sup> September 2011.

## **Community Impact**

27. The review has been a collaborative piece of work involving the relevant third sector organisations in the entire process, as it is important that consensus is reached. The resulting decision from this review will have an indirect impact on communities as community groups benefit from the support services commissioned and delivered. It is therefore important that this service to them is of the highest quality whilst being cost-effective.

## **Financial Implications**

28. Financial support from HPS for those organisations providing support services to the third sector will not be immune from the effects of CSR10 and the subsequent local government settlement. Whilst this is not the prime driver for the Review, the emphasis has been on effective support to front line third sector organisations, and reducing management and overhead costs at a time of budgetary constraint would be an advantage.
29. The funding envelope for Third Sector Support Organisation forms part of the overall approach to the 2011/12 budget. It has been confirmed to third sector organisations involved that overall funding will need to reduce over future years.

30. The total Third Sector Support Services spend is £1.925m of which £1.134m is funded by HPS. The HPS direct spend is £674k but this will be affected by a reduction in spend within Children and Young People as a result of the restructure of Early Years and extended services.

## **Legal Implications**

31. At the end of the 2010/11 financial year all current contracts with third sector organisations providing support services end. There are therefore no legal implications in relation to contractual arrangements other than the need to reach a decision swiftly for clarity to be given on financial arrangements post March 2011.
32. Any transfer of directly provided service from HPS to a new arrangement will be carried out in line with existing policies.

## **Risk Management**

33. If approval is given to the report, there is a risk that existing support to front line organisations will be compromised, whilst new structures and ways of working are set up. It is proposed that the third sector organisations affected are given a six month extension to their existing service level agreements to support service delivery during the transition period, to avoid a hiatus in support to front line organisations.
34. If agreement is not reached, HPS will not be able to secure a way of ensuring co-ordination and increased value for money in commissioning. This has been mitigated by the joint nature of the review.

## **Consultees**

35. Consultation with key stakeholders, including commissioners, providers, and third sector front line organisations was undertaken as part of the work conducted by Grant Thornton. The HPS Research Team also supported a postal survey of third sector frontline organisations. The 320 survey responses informed the Grant Thornton report.
36. Community Services Scrutiny Committee were consulted on 6 December and their views have been taken into consideration by the Review Group and in developing the recommendations of this report.
37. All Members have had the opportunity to attend a briefing on the findings of the review.

## **Appendices**

Appendix 1 - Review of Third Sector Support and Development Services – Grant Thornton (November 2010)

Appendix 2 - Terms of Reference of the Third Sector Support Services Review Group

Appendix 3 - Review of Third Sector Support Services – Scrutiny of Options – Interim Third Sector Strategic Board.

## **Background Papers**

None