

OVERVIEW AND SCRUTINY BOARD

12 NOVEMBER 2013

**FINAL REPORT -
VOLUNTARY AND COMMUNITY SECTOR AND
MIDDLESBROUGH VOLUNTARY
DEVELOPMENT AGENCY**

PURPOSE OF THE REPORT

1. To present the Economic Regeneration and Transport Scrutiny Panel's findings, conclusions and recommendations following its investigation of the local voluntary and community sector, including the role of Middlesbrough Voluntary Development Agency (MVDA).

BACKGROUND

2. Voluntary and community sector (VCS) organisations are engaged in a wide range of important public services activities, including health, social care, education, training and housing. Such organisations are often community-led and established in response to local need. This means that they are in a strong position to understand citizen and community needs and to meet these through the services that they provide. VCS organisations cover a wide and diverse range of functions, including grass roots community organisations, community centres and sports clubs, local and national charities, social enterprises and mutual organisations.
3. Recent governments have all promoted the role of the VCS in public service delivery - championing involvement through headline policies such as The Big Society and adapting commissioning and procurement processes to enable organisations to bid for opportunities to deliver services. ¹Figures for 2007/8 show that, at that time, the VCS was delivering £12.1 billion of state-funded services nationally.
4. Given the importance of the role of the VCS, the panel decided to examine its role, the relationship between Middlesbrough Council and the sector and the role and involvement of Middlesbrough Voluntary Development Agency locally.

¹ National Council of Voluntary Organisations (NCVO):
<http://www.ncvo-vol.org.uk/networking-discussions/blogs/18683/11/09/27/transformation-not-transfer-role-voluntary-community-sec>

TERMS OF REFERENCE OF THE SCRUTINY INVESTIGATION

5. The scrutiny panel used the following terms of reference as the basis of its investigations:
 - a) *To examine grant funding arrangements to the voluntary and community sector (VCS) and the managing and monitoring of funds to ensure accountability.*
 - b) *To consider how the Council can work more effectively with the VCS, as the Council moves from grants to commissioned services.*
 - c) *To consider the core role of the MVDA in supporting the town's VCS.*
 - d) *To consider whether the VCS is adequately represented on the town's primary partnerships including the Children's Trust, the Health and Well-Being Board and the Safer Middlesbrough Partnership.*

METHODS OF INVESTIGATION

6. The scrutiny panel investigated this topic over the course of meetings held between 28 March 2013 and 19 September 2013. A final panel meeting was held on 10 October 2013 to consider the panel's final report. A Scrutiny Support Officer from Legal and Democratic Services co-ordinated and arranged the submission of written and oral evidence and arranged witnesses for the investigation. Meetings administration, including preparation of agenda and minutes, was undertaken by a Governance Officer from Legal and Democratic Services.
7. A record of discussions at panel meetings, including agenda, minutes and reports, is available from the Council's Eagenda committee management system, which can be accessed via the Council's website at www.middlesbrough.gov.uk.
8. This report has been compiled on the basis of information submitted to the scrutiny panel by Council Officers and relevant outside bodies/organisations.

MEMBERSHIP OF THE PANEL

9. The membership of the scrutiny panel was as detailed below:

March - May 2013:

Councillors T Harvey (Chair), BE Taylor (Vice-Chair), R Arundale, S Biswas, R Brady, P Khan, R Lowes and M B Williams.

(Note: Panel meetings on this scrutiny topic were Chaired by Coun. B Taylor as Coun. T Harvey was a member of the MVDA Board.)

June 2013 onwards:

Councillors P Sharrocks (Chair), BE Taylor (Vice-Chair), R Arundale, S Biswas, R Brady, P Khan, R Lowes, H Rehman and M B Williams.

THE SCRUTINY PANEL'S FINDINGS

10. The scrutiny panel's findings are set out below, under the following sub-headings, which cover the issues highlighted in the terms of reference:
 - a. The role of the voluntary and community sector (VCS).
 - b. Relationship between Middlesbrough Council and the VCS.

- c. Community Chest Grant Fund.
- d. Middlesbrough Voluntary Development Agency (MVDA) role in supporting the town's VCS.
- e. Information from VCS organisations.
- f. Middlesbrough Council's Change Programme.
- g. Commissioning and Procurement Opportunities for the VCS
- h. Information from Stockton Borough Council.

The Role of the Voluntary and Community Sector

11. For a number of years, Government policy has placed significant emphasis on public service reform. Social and demographic changes have resulted in a society with increasingly diverse needs and interests. Along with other cultural and economic factors, this has led to significant change in expectations of publicly funded services. In order to remain effective and relevant to the society in which we live, these services are having to respond to significant change. As a result, there has been an increasing move towards an acceptance that that public services are not always necessarily best provided by the public sector. Rather, they should be provided by those best able to do so.

12. The VCS has a long history of providing services in response to individual and community needs. Most recently, the VCS has worked alongside public sector institutions in a variety of ways in order to respond to these needs. There are many features of VCS organisations that make them strong allies to the public sector in improving public services. For example, and at their best, VCS organisations are flexible, responsive and able to work with members of society that the public sector may find hard to engage. Such organisations can:

- Possess a wealth of local knowledge;
- Enhance social inclusion and citizenship;
- Have a beneficial impact on the local economy - providing people with life skills and employment opportunities; and
- Offer choice to service users.

13. At their best, such organisations demonstrate a number of qualities, including:

- People at the heart of the services they deliver.
- Specialist knowledge, experience and/or skills.
- Independence from existing and past structures/models of service, allowing service delivery in new and innovative ways.
- Independent access to the wider community, enabling staff and volunteers to access often-vulnerable clients who may perceive public sector institutions negatively.
- Provision of responsive, user-centred services, which can be flexible and innovative rather than prescriptive.

14. These features can give the sector a unique capacity to act in relation to the public sector as:

- Advocates on behalf of often marginalised groups within the community;
- Advisers on service design and the needs of service users; and
- (In some cases) the providers of those services.

15. Through their independent actions, the VCS can also offer support and activities that help people feel connected to the places where they live and the communities that they live in.

16. The position in Middlesbrough is as follows:

- There are over 600 voluntary and community sector organisations.
- Of these, around 50% operate purely on a volunteer-led basis, with no paid staff.
- Many of the organisations operate on a not-for-profit basis.
- There are around 9,500 volunteers.
- VCS organisations employ approximately 1300 full time equivalent (FTE) staff.

17. It was explained that in the 2013/14 financial year the Council agreed to provide core funding to the following organisations from its Major Grants Programme:

- Middlesbrough Citizens Advice Bureau - £86,000.
- Middlesbrough Voluntary Development Agency - £40,000.
- Community Ventures Ltd (CVL) - £24,000.
- St Mary's Centre - £12,500.

18. The panel heard that, in addition to the above, Harbour Support Services has previously received core funding from the Council. However, for 2013/14 it was agreed that the core funding would be incorporated into payment for a contract for work undertaken on behalf of the Council's Adult Social Care function. The value of the former core grant element is estimated at approximately £66,000. In regard to the funding provided to CVL, it was explained that this is provided for the organisation to fund work on developing credit unions in Middlesbrough.

19. Due to the Council's budgetary position, the number of VCS organisations in receipt of core funding has been reduced from 13 in 2009/10 (totalling approximately £380,000) to the present level.

20. The scrutiny panel questioned how the effectiveness of grant funding is monitored and measured. In response, Members were advised that two assessments are generally used to determine grant effectiveness:

- a) Match with Council priorities - To test whether the activities currently supported are still in line with Council objectives. Are they still the priorities for funding, or are there other higher priorities? This is tested with departmental leads in relevant areas.
- b) Value for Money - An assessment of the Added Value secured by those in receipt of core grant from the Council; an assessment of Social Return on Investment generated by the grants received; and an assessment of performance against any service level agreement that is in place.

21. Use of Assessment (a) above has demonstrated that, on the whole, Council Officers consider that funding is being used against Council priorities and that they value highly the contribution made by voluntary sector partners to the issues facing their services. This is particularly in terms of their contribution to working with some of the most vulnerable groups of people in the town and against the backdrop of public sector spending reductions.

22. To date, all officers consulted as part of this process have been satisfied that funding is being applied to Council priorities and none have indicated that they consider priorities should change.

23. Assessment (b) includes a number of elements:

- Evaluation of funding that organisations are able to bring in as a result of Middlesbrough Council's financial contribution. Over the three years 2009/10 to 2011/12, the Council made a contribution to local voluntary organisations through the major grants programme of £1,058,259. In return voluntary groups were able to bring in additional funding totalling £4,538,729. This represents a return on investment of over £4 for every £1 granted.
- Evaluation related to Service Level Agreements and the extent to which each organisation has fulfilled the requirements identified within them. Each organisation funded receives an agreement and the monitoring information obtained is used to determine the extent to which the targets are met.
- Evaluation based on a process known as Social Return on Investment (SROI). This is an innovative way to measure and account for the social value created by organisations. SROI is a framework for understanding, measuring and managing the outcomes of an organisation's activities and placing a financial value on them. The process can encompass all types of outcomes (ie social, economic and environmental) but is based on involving stakeholders in determining which outcomes are relevant. Two types of SROI can be used - *evaluative* to assess work that has been undertaken and *forecast* to assess the likely impact of future work. Middlesbrough Council has used the evaluative approach, based on outcomes that have already taken place. A Social Return on Investment report can therefore be produced for each core grant funded organisation.

24. At May 2012, it was calculated that the three-year figure for the Social Return on the Council's major grant investment for 2009/10 to 2011/12 was £28,293,223.

25. The scrutiny panel heard that the key observation regarding SROI relates to its use in improving the performance of organisations in receipt of grant *within the context of the services they provide*. This tool is particularly useful in evidencing outcomes and attaching a value to them. In this way, information can be shared with organisations locally with a view to using them as a means of improving services.

26. In addition to the Major Grants Programme, around 35 to 40 VCS organisations receive financial assistance each year from the authority's Small Grants Fund. Further details of the grant funding process can be found later in this report.

Relationship Between Middlesbrough Council and the Voluntary and Community Sector

27. The scrutiny panel was informed that in 2001, Middlesbrough Council and the local voluntary and community sector entered into a formal written agreement known as the Middlesbrough Compact. The Compact was intended to build on examples of good practice in working with the VCS, improve working relationships and to facilitate the voluntary and community sector's equal involvement in local partnership working. The panel was provided with a copy of the most current Compact document. This is used:

- To establish a set of service standards to be used in respect of all working practices.
- As a means of educating public bodies about the role and value of the VCS.
- To involve public bodies in the work of the VCS.
- To permit VCS organisations, whatever their size, to have access to public sector partners and working opportunities.
- To facilitate volunteering opportunities.
- As a basis for directing funding and resources.

28. Any VCS organisation can sign up to the Compact. In doing so they must agree to be bound to a number of principles, such as partnership working; building local partnerships; operating with integrity, sensitivity, accountability and openness; promoting equality; promoting and developing volunteering opportunities and operating in accordance with the principles of best value for service delivery.

29. In terms of a practical example of how a Compact can improve local working, the scrutiny panel heard as follows. Middlesbrough Council undertook a review of grant aid to the voluntary and community sector. The review took into consideration the application process, how grants were awarded, the length of time it took to process applications and how grants were monitored. By using a Compact way of working the whole process has been improved.

30. As a result, all Council grants are now administered through a single point within the authority; the criteria have been changed to reflect the Middlesbrough Community Strategy and the needs of the local VCS; application forms have been simplified; grants are awarded on a bi-monthly basis and monitoring is based on the size of the grant. This has benefited both the Council, by streamlining processes, and the VCS by introducing a transparent and equitable grant system. Further information on the authority's grants funding programme is included elsewhere in this report.

31. In terms of liaison with the VCS, the Voluntary Sector Liaison Group was established some time ago as a forum to discuss and progress strategic issues affecting the Council and the Voluntary Sector. Membership of the group includes representatives from the Neighbourhood and Communities Department and the Chief Executive and Service Manager from Middlesbrough Voluntary Development Agency. The Group meets monthly.

Community Chest Grant Fund

32. As has been outlined earlier in this report, Middlesbrough Council provides core funding to several VCS organisations. In addition, the Council has a small grants fund (the Community Chest Grant Fund) that was established to financially assist community and voluntary organisations in Middlesbrough. Voluntary organisations are eligible to apply for grants up to £1000 to fund specific activities or projects. The Liaison Officer outlined the criteria for applying for Community Chest Grants and advised that all projects are required to satisfy set criteria and to demonstrate that they contribute to the themes of Middlesbrough Council's 2020 vision.

33. The panel was provided with a summary of the 34 projects that had received funding through the small grants fund in 2012/2013. Members were advised that an organisation would not normally receive more than one grant in a single financial year. Any grant monies that unspent have to be returned to the Council. Similarly, if a group in receipt of funding is dissolved, or a project not completed, any remaining funding, assets or any equipment purchased with the funding, have to be returned to the Council. Organisations are also required to produce receipts in respect of any purchases as proof of expenditure and failure to do so could result in the Council initiating recovery procedures for the funding.
34. The application process for Community Chest funding has been simplified and applicants can now apply online. Applications that meet the qualifying criteria (which include benefitting the people of Middlesbrough; encouraging community participation; being constituted for philanthropic or charitable purposes; and contributing to the aims of the Council's Community Strategy) are considered by a Grants Panel. This is made up of the Group Leader for Community Development and Neighbourhood Management and the Executive Member for Economic Development and Regeneration.
35. Organisations in receipt of grant funding are advised in writing of the grant conditions and are later required to complete a monitoring and evaluation form in respect of progress with the approved project. A total of £22,174 was allocated in respect of the 34 applications that were funded in 2012/13.
36. In response to a query in respect of how the fund safeguards against repeat applications, Members were advised that applicants are asked to provide details of any other funding received in the previous two years. As part of the application process, organisations are also required to submit a copy of their accounts. It was clarified that these do not have to be formally audited - organisations can submit copies of bank statements and balance sheets to satisfy the Grants Panel of their financial status.
37. The panel was advised that in general, larger voluntary sector organisations did not apply for this funding and it is aimed at smaller 'grass roots' groups. Larger organisations are, however, eligible to apply if they could demonstrate a need for the funding. In response to a query whether an organisation has to be based in Middlesbrough to qualify for funding, it was explained that funding has to be spent in Middlesbrough. If an organisation that has only a proportion of its members or service users based in Middlesbrough, they would receive a proportion of the funding requested based on the percentage of the organisation's members that resided in Middlesbrough. It was highlighted that if a grant application is refused, the organisation is directed to other sources of potential funding where possible.

Middlesbrough Voluntary Development Agency's (MVDA) Role in Supporting the Local Voluntary and Community Sector

38. The scrutiny panel was informed that MVDA was established in 2002 as the primary infrastructure organisation for Middlesbrough's voluntary and community sector (VCS). MVDA is registered as a charity and a company limited by guarantee and is managed by a board of charity trustees/company directors. Board members come from the organisation's overall membership and include two Council representatives.

39. The scrutiny panel heard directly from representatives of Middlesbrough Voluntary Development Agency (MVDA) as follows:

- Dinah Lane - Chief Executive Officer.
- Mark Davis - Strategic Development Manager.

40. The MVDA representatives explained the role and responsibilities of the organisation. The panel heard that MVDA's main role is to support, promote and develop local voluntary and community action². This is done by:

- a. **Providing practical development support** - MVDA supports the development and sustainability of voluntary and community organisations by providing a range of information, training, events and one-to-one support (by phone, email or in person). This is aimed at building capacity in the voluntary sector to assist VCS organisations to become sustainable in the longer term. The organisation provides support to all qualifying VCS organisations on request and can assist with:
 - Set up and management
 - Organisational structures and legal status
 - Policies and procedures
 - Business and project planning
 - Financial management
 - Signposting to other support, as appropriate
- b. **Assisting with funding and sustainability issues** - including subscriptions, donations, grants and contract, by:
 - Costing activities and/or services
 - Exploring sources of income
 - Understanding funders' requirements
 - Understanding procurement processes
 - Preparing applications and bids
 - Providing information on alerts to new sources of funding via a quarterly Tees Valley funding digest
- c. **Managing Middlesbrough Volunteer Centre** - This involves:
 - Providing a service to match potential volunteers with appropriate opportunities in the local community.
 - Working to stimulate and encourage local interest in volunteering and voluntary community activity.
 - Promoting good practice in working with volunteers.
 - Maintaining a comprehensive range of volunteering opportunities.

² For further information see the MVDA website at: <http://www.mvda.info/content/about-us>

- Identifying proposals or legislation that may affect volunteers or volunteering.
 - Participation in campaigns.
 - Informing strategic thinking and planning at local, regional and national levels.
- d. **Supporting the VCS to engage at a strategic level** - This is done through MVDA's Planning and Partnership Team, which:
- Works to increase the impact of voluntary and community sector engagement in Middlesbrough.
 - Provides leadership and support for voluntary and community sector engagement in key areas of local strategic planning through officers specialising in health and social care and stronger communities. The team previously had specialists in children and young people, economic development and enterprise and safer communities. However, since 2010/11 this has not been possible due to public sector funding cuts.
- e. **Enabling the VCS sector to work better together** - This is done through the provision of training events. MVDA facilitates and organises numerous training events each year to meet the Sector's development needs. This is undertaken through a range of specialist providers or direct delivery of courses by MVDA. All training opportunities are advertised on the organisation's website and have included:
- Becoming a constituted group
 - Bid writing basics
 - Bookkeeping using Excel
 - LGBT diversity
 - Management committees
 - Managing a VCS group's money
 - Monitoring and evaluating projects
 - Writing funding applications
- f. **Advocating for the VCS** - Through membership of planning forums and liaison with public bodies. MVDA also represents the voluntary and community sector on partnerships such as the Health and Wellbeing Board, the Carers Partnership, key public bodies and other smaller partnerships.
- g. **Promoting good practice in meeting the needs of all Middlesbrough's people** - Such as by promoting equalities projects including the Lesbian, Gay, Bisexual and Transgender (LGBT) Inclusion project. This project has delivered training and promoted awareness of this issue in Middlesbrough.
- h. **Raising the profile of the VCS through research and other short-term projects.**

41. The scrutiny panel heard that MVDA's services are open to all voluntary and community organisations in Middlesbrough, regardless of whether they are members. Many services are free, although some are subject to a charge to cover costs. MVDA offers:
- Administrative services - such as mailing and photocopying.
 - Design services - for publicity materials such as leaflets and brochures.
 - Payroll services - including provision of payslips, advice and support on payroll issues and all aspects of PAYE, including registration with the Inland Revenue.
42. It was explained that a wide variety of volunteering opportunities is available in Middlesbrough. For example, there are opportunities in administration, befriending, support work, working with children, mentoring ex-offenders, driving, membership of local management committees and conservation. Many organisations need volunteers in order to provide or extend crucial services. This means that there is an opportunity to suit nearly every individual or group of people wishing to volunteer.
43. Individuals contacting the Volunteer Centre are given an appointment for an informal and confidential discussion. This allows people to be matched with appropriate volunteering opportunities. People can also apply for roles online via the *Do-it* website.
44. MVDA is one of several VCS organisations that receive core funding from Middlesbrough Council. Funding of £45,450 was provided to MVDA by the authority in 2012/13. The annual funding is paid in two instalments and is subject to a six monthly review to examine how it is being used.
45. Historically, a much larger sum of core funding was received - with around £300,000 having been provided in the past from the former Working Neighbourhoods Fund (WNF).
46. MVDA's operational costs are between £500,000 to £600,000 per year. The organisation employs 13 staff, which (as some are part time) equates to eight full time posts. The bulk of MVDA's annual income is received in the form of grants that the organisation bids for, or in funding provided to deliver specific projects. Examples of such projects include work relating to action for carers/personal budgets for Middlesbrough Council; a four-year Big Lottery funding programme to provide one to one development support for qualifying VCS organisations; and funding received through a joint bid to transform local VCS infrastructure. MVDA is constantly exploring potential funding sources. For example, the organisation is to investigate the possibility of accessing a funding stream from the Government's Department of Communities and Local Government.
47. MVDA advised that, given the current economic climate, funding is increasingly difficult to obtain. The panel was informed that funding programmes are increasingly provided on a one year basis, as compared to the two to three year programmes that used to be commonly available. It was explained that the MVDA Board has agreed to make up a shortfall in funding of around £80,000 for 2013/14 from the organisation's reserves, which have been built up try and provide some certainty with regard to future service planning.

48. The panel questioned MVDA's role in supporting the local VCS to access funding. In response it was advised that over the course of the last 12 months, MVDA assisted local VCS organisations to submit bids for approximately £1m of funding. This resulted in funding of over £250,000 being received by the VCS. MVDA does not charge for providing this assistance.
49. The scrutiny panel heard from officers of Middlesbrough Council's Wellbeing Care and Learning (Adult Social Care and Public Health) Department in respect of MVDA's involvement in funding that has been provided to deliver specific projects involving the voluntary and community sector in Middlesbrough.
50. The panel was informed that the Council had received funding in the sum of £300,000 towards the provision of Carers Services. Following the restructuring of the National Health Service (NHS) nationally, and the transfer of responsibility for public health to local authorities, the funding was originally received by the Council from the local Primary Care Trust (PCT) (via the Department of Health) in February 2012. As the timescales and process involved in the Council commissioning the necessary services would have meant that the Council would have been unable to utilise the funding by the end of March 2012, agreement was reached with the Department of Health for a Carers Small Grants Fund to be established and administered by MVDA. This would allow VCS organisations to apply for grants up to a maximum of £25,000.
51. As a result, a total of ten bids received funding through the Small Grants Fund and the remainder of the funding was carried forward by MVDA to the next financial year. The organisations that received funding were subject to an evaluation process to check that the grant funding was used in accordance with the submitted bid.
52. The Carers Partnership is responsible for awarding grants and monitoring any grant spends, with MVDA being required to report back to the Partnership once the grants have been evaluated. MVDA receives a report back from funded organisations on a two monthly basis. Membership of the Carers Partnership includes representatives from MVDA, health services, the PCT, the Department of Wellbeing and Caring and representatives from VCS organisations. The Partnership also has its own strategic work plan to identify any gaps in terms of the provision of services or projects.
53. The scrutiny panel was informed of examples of successful funding bids to support carers resulting from the grants project. One bid was for funding to establish a Virtual Carers Network which was an online discussion forum for carers. A second bid was for The Becon Project which was established to support carers in the BME (black minority ethnic) community - such as by producing literature in various languages and promoting carers services via mosques. The funding has also been used to employ two part time workers to identify hidden carers in the BME community.
54. Members were advised that MVDA levied a charge of 16% (£48,000) to cover administrative costs associated with delivering the programme of small grants for carers. It was confirmed that Council officers considered this sum to be in order as such costs can reasonably be expected to account for 18-20% of project costs.

55. In addition to the above, the Council also received just over £1m from the PCT in January 2013 in respect of new public health responsibilities. Similar arrangements to those above were made in respect of £312,000 of this additional funding, with the money being transferred to MVDA to provide Carers Respite Services. The PCT indicated in January 2013 that more work needed to be done in respect of the provision of respite care, particularly in respect of establishing a multi-agency information. Accordingly, the funds transferred to the MVDA would be focussed on those areas of work.
56. It was explained that following the abolition of PCTs, and the introduction of Clinical Commissioning Groups, it was anticipated that future funding from the health service would be received at a much earlier stage of the financial year. It was hoped that this would improve the process and spending arrangements.
57. The Council's Commissioning Planning Service Manager (Wellbeing Care and Learning - Adult Social Care and Public Health) advised Members that there are formal contracting and commissioning arrangements in place with MVDA in terms of the public health-related funding that the organisation is responsible for. The Panel was advised that, in this regard, the Council has a proactive business relationship with MVDA that works well. The Commissioning Planning Service Manager is also currently responsible for developing a Joint Strategic Needs Assessment with MVDA.
58. Middlesbrough Council's relationship with MVDA is governed through a Service Level Agreement (SLA). The purpose of the agreement is to maintain and develop the relationship between both parties to promote a strong and vibrant voluntary and community sector in Middlesbrough. This is in keeping with national policy and the Council's Community Strategy.
59. The SLA sets out the purpose of MVDA (as shown at points (a) - (h) at paragraph 39) and is renewed on an annual basis. It also sets out the Council's obligations to MVDA, as follows:
- i. Middlesbrough Council acknowledges MVDA's role as the primary infrastructure organisation for the Voluntary and Community sector in Middlesbrough.
 - ii. Middlesbrough Council will invest in the core costs of Middlesbrough Voluntary Development Agency so that it may perform its core functions as set out in the constitution, subject to an agreed payment and to a defined level of service set out in this agreement.
 - iii. The Council commits to a one year funding agreement subject to satisfactory monitoring and evaluation of the services provided by MVDA. As agreed by the Voluntary Sector Grants Executive Sub-Committee at its meeting on 1st May 2012 the grant awarded to MVDA is £45,450.
 - iv. Payment of grant will be in two instalments, the second payment following a six - month review.

60. Joint Commitments are included as follows:

- i. The Council and MVDA will respect the confidentiality of information given to each other as part of this agreement.
- ii. Either party may request that the terms and conditions of this agreement be renegotiated. Any variation must be made in writing and signed by both parties.
- iii. Middlesbrough Council has no legal liability for, or responsibility in respect of MVDA, its officers or agents, or acts carried out on its behalf.
- iv. Either party may terminate this agreement by giving the other party six months' notice (or less if agreed by both parties) in writing. This agreement is for the twelve months only of the financial year 2012-13 and forms no commitment for the local authority to provide core funding beyond this time.

61. MVDA's obligations are included in the SLA and relate to provision of audited accounts; submission of a breakdown of expenditure in relation to the Council grant; undertaking to act legally; not undertaking any significant changes to activities without consulting the Council; and providing copies of document such as constitution and health and safety/equalities/diversity/child protection policies for inspection on request.

62. Service objectives are agreed with MVDA on an annual basis and, for 2013-13, were shown as follows in the Service Level Agreement:

(a). Service objectives and specifications during 2012/13 will principally be undertaken through work under two major awards:

- Supporting Change and Impact
- Transforming Local Infrastructure

(b). The core grant is to support MVDA in delivering the following key functions:

- Organisational Development - To ensure that MVDA is fit for purpose as the primary VCS infrastructure organisation in Middlesbrough.
- Development and Support - Support VCS to improve quality of life for Middlesbrough residents.
- Information and Communication - Provide a range of accessible information to support the development of voluntary and community activity.
- Networking and Liaison - To promote cohesion and collaboration within the VCS by providing opportunities for exchange of information and ideas and collective working.
- Representation and Advocacy - To increase understanding and recognition of the VCS role in Middlesbrough and ensure that its potential is maximised.

63. In response to a query regarding whether the Service Level Agreement has been reviewed, Members were advised that between September 2011 and March 2012, the Department of Wellbeing, Neighbourhoods and Communities reviewed and revised (where required), all SLAs that they had with voluntary sector organisations. The SLA with Middlesbrough Voluntary Development Agency is renewed on an annual basis.

64. The scrutiny panel questioned how, or whether, MVDA's effectiveness is, or has been, measured. In response, MVDA representatives advised that an independent evaluation of the work of MVDA was undertaken by Sheffield Hallam University's Centre for Regional Economic and Social Research in 2011. A copy of the report, entitled Delivering Outcomes for the Local Voluntary and Community Sector: An Evaluation of the Value for Money of MVDA's Work, was made available to the scrutiny panel.

65. The Hallam University report, which involved in-depth analysis and ran to 31 pages in length, includes the following five Key Findings:

Key finding 1: MVDA's work has considerable reach

66. Research found that MVDA's work has considerable reach. It worked with 260 different local VCOs in 2010/11, many of whom benefited from multiple support interventions. Beneficiary organisations ranged from small community groups and sports clubs run solely by volunteers, to large voluntary organisations delivering key public services and employing more than 50 full and part time members of staff. One in ten survey respondents identified receiving 10 or more separate types of intervention and two-fifths received at least five different interventions.

Key finding 2: MVDA's support and development work leads to greater capability and capacity in frontline organisations

67. There is strong evidence that MVDA's support and development work leads to greater capability and capacity in frontline organisations. A majority of survey respondents reported that MVDA was a positive influence on improvements in their organisation's efficiency, effectiveness, frontline service delivery and management and development capability. These positive outcomes were reflected in qualitative feedback which highlighted the expertise, accessibility and responsiveness of MVDA's development workers, and their crucial role as a building block in an organisation's progress and development.

Key finding 3: MVDA's engagement work leads to improvements in partnership working

68. The research found that MVDA's engagement work has led to improvements in partnership working. A majority of survey respondents reported improvements in the way the sector works together, the sector's relationship with the public sector and the way the sector is represented. MVDA's work was consistently identified as a positive influence on these outcomes. However, there is evidence that these advances, particularly in relation to the sector's representation and involvement in local decision making, are at risk following the closure of Middlesbrough Community Network (MCN). MCN was viewed as a vital resource and research participants were concerned that without it the improvements made in engagement and partnership working in recent years would be lost. This anticipated decline in the effectiveness of engagement and partnership working is a particular concern in the context of government localism and Big Society policies which anticipate a greater role for local communities and service users, and the groups that represent them, in local level policy development and decision making.

Key finding 4: The Volunteer Centre enhances the level of volunteering in the area and enables the benefits of volunteering to be experienced by individuals from hard to reach groups

69. There is clear evidence that the Volunteer Centre enhances the level of volunteering in the area. A majority of survey respondents found volunteer brokerage to be effective in helping their organisation increase its number of volunteers, maintain a core of sufficiently skilled and experienced volunteers and improving their ability to manage volunteers.

70. The work of the Volunteer Centre also enables the benefits of volunteering to be experienced by individuals from hard to reach groups. Individuals who became involved in regular volunteering, following support from the Volunteer Centre, experience a range of positive social and economic benefits. This includes increased self-esteem and confidence, improved health and well-being, new skills and experience that enhance employability in terms of either finding work or changing to a more fulfilling career, and a sense of satisfaction derived from the perception that volunteering provides an important service that is valued by beneficiaries and involves 'putting something back' into the community.

71. Each case study participant emphasised that it was unlikely that they would have become involved in volunteering without the support available through the Volunteer Centre.

Key finding 5: It is possible to demonstrate the value for money of MVDA's work

The research demonstrates that MVDA's support for the VCS does lead to benefits with values that can be measured in cash terms, and provides returns on investment that are often greater than the level of resource required to produce them. This suggests that MVDA does provide good value for money, particularly when it is considered within the context of the broader set of outcomes achieved. However it was also noted that cash values do not capture the full range of outcomes achieved.

Information from Local Voluntary and Community Sector Organisations

72. In addition to speaking to MVDA representatives, the scrutiny panel heard from a cross - section of representatives of voluntary and community sector organisations:

- Community Ventures Ltd (CVL)
- Harbour Support Services
- Enterprise Revolution
- Hidden Everyday Lifestyle Dangers (HELD)
- Allied Resource Community

73. Of the above, the first two organisations were invited to attend the scrutiny panel as they are in receipt of core funding from Middlesbrough Council. The remainder agreed to attend after invitations were sent to a number of organisations that were selected at random from MVDA's *Sector Connector* online database.

74. The purpose of speaking to the VCS organisations was to hear examples of work that is taking place in the voluntary and community sector; to examine how Council funding is being used; and to hear of involvement with, and support from, MVDA.

75. **Community Ventures Ltd (CVL)** is a charity based in East Middlesbrough. The charity was originally formed under the name of East Middlesbrough Community Ventures in 1989 with the aim of providing solutions to issues of local unemployment and community safety. The charity, which was initially financed via City Challenge funding, became Community Ventures Ltd in 2000 and is now self sufficient and financially sustained by seven social enterprise trading subsidiaries.
76. Although CVL and its social enterprise companies operate mainly in the Tees Valley area, their services also extend across the North East and UK. Each social enterprise provides employment for local people and profits are invested back into the community through CVL's charitable activities.
77. CVL's largest social enterprise company supplies security services including manned guarding, CCTV and alarm monitoring services. Employment is provided for 70 local people through commercial contracts with public sector organisations including Middlesbrough Council, other local authorities, Erimus Housing and private sector companies.
78. CVL's other subsidiaries (which are social enterprises) provide consultancy services for the public and third sectors, charities, voluntary and community organisations and social enterprises across the UK. These services relate to procurement, human resource management and health and safety management. Advice is also available on developing self sustaining funding streams for third sector organisations and providing tailor made business support for potential and developing enterprises.
79. CVL has benefitted from funding from the European Regional Development Fund (ERDF) which will end in December 2013. The funding has been used to help to train social enterprises to become financially sustainable and to assist them with acquiring the knowledge and expertise to enable them to bid for future contracts with the local authority and other organisations. CVL has also been involved in assisting organisations to form a consortium to assist in providing economies of scale in relation to the procurement of goods and services; work on financial inclusion - such as by supporting the establishment of local credit unions.
80. Members were advised that CVL does not need to access the services offered by MVDA. This is because CVL is now well established and, in fact, also provides business support itself to other organisations.
81. **Harbour Support Services** is a limited by guarantee charity organisation that works in domestic abuse across Middlesbrough, Stockton, Hartlepool, Redcar and Cleveland, Darlington, Durham and North Tyneside. The organisation's aim is to improve the quality of life for families and individuals by working with them to create a safer, healthier future. Harbour employs approximately 80 staff across the organisation.
82. A representative of Harbour attended the scrutiny panel and advised that the organisation has been operational for nearly forty years. In Middlesbrough, the organisation offers a refuge service to provide accommodation for women and children fleeing domestic violence. Members were advised that Harbour also provides an Outreach Service for all adults, including men, where accommodation is not required. This includes a telephone service, or one to one support for people living with domestic abuse.

83. There is also an Outreach Service specifically for children and young people, that offers one to one support and group sessions. In addition, the organisation works with perpetrators of domestic abuse to try to get them to recognise the effect that their behaviour has on families.
84. It was highlighted that Middlesbrough Council is one of the few authorities that still provides a core funding grant to the organisation and such funding is directed towards children's services in the refuge service. The panel was also advised that Harbour also has a number of contracts and service level agreements with Middlesbrough Council and the other local authorities. A number of years ago the organisation had foreseen that there would be changes to the voluntary sector and, as a consequence, Harbour has built capacity to deal with contracting and procurement procedures.
85. In this regard, the scrutiny panel queried whether the organisation's relationship with Middlesbrough Council could be improved. In response, it was advised that the number of Middlesbrough Council contracts secured by Harbour has increased significantly in the last twelve months. As a consequence the organisation has developed an in-depth relationship with the authority through the extensive work it carries out on its behalf. The Council's procurement terms are transparent and tendering processes are well advertised and open. Harbour confirmed that it has benefitted from this process.
86. Harbour advised that the organisation receives regular bulletins from MVDA and regularly attends Forum meetings. In response to a query with regard to whether it contributes to the various partnerships, the Regional Chair of Harbour advised that in her view, any Partnership should be led by the statutory sector. However the make up of the partnership should reflect both the voluntary sector and statutory sector in order to strike an even balance. Harbour would therefore welcome the opportunity to contribute further to partnership working.
87. **HELD** (Hidden Everyday Lifestyle Dangers) is in the process of being established and hopes to become a registered charity. It is currently operated by one individual, its founder, Mr Sharif. The principal aim of the organisation is to work with ex-offenders to provide education, training, social and leisure activities, social mobility and better life chances.
88. The representative of HELD, who is an ex-offender himself, advised the scrutiny panel of the difficulties that he has encountered in establishing the organisation, most especially in respect of funding.
89. Reference was made to the organisation's wish to provide training courses specifically tailored at assisting ex-offenders. This will include business and administration skills as it is considered that it is necessary to move away from the traditional manual skills courses (such as fork lift truck driving and bricklaying) that continue to be taught in prison. This will ensure that offenders are offered training opportunities which can help them to access meaningful employment opportunities.
90. The panel was informed of Mr Sharif's knowledge of, and involvement with, the work of the Prisoners Education Trust and the Prison Reform Trust. HELD has also attended and been involved with a number of related training events and forums, including the use of ICT as a learning and resettlement tool; retraining and work programmes for prisoners and providing employment and training opportunities for offenders. The Panel was also informed that HELD has been involved in writing blogs for the Centre for Crime and Justice.

91. The scrutiny panel queried whether HELD has sought any support from MVDA to establish the organisation/charity. The representative from HELD advised that although he had approached MVDA, it had not been possible to secure any assistance to date. HELD is, however, listed on MVDA's Sector Connector online database.
92. MVDA later confirmed that HELD did not initially satisfy the necessary criteria for assistance. However, since speaking to the scrutiny panel, HELD has again contacted MVDA and has received advice on establishing a VCS organisation and also signposted to other support.
93. **Enterprise Revolution** was established with the purpose of using enterprise and self employment to improve confidence and aspiration in individuals, in families and communities. The aim of the organisation is to revolutionise enterprise support and development with new ideas and a results-focused approach, to encourage entrepreneurial talent across the north east, creating sustainable jobs and businesses.
94. Enterprise Revolution is not a voluntary sector organisation but operates in the community sector to offer pre-start business advice. Once a business is established, Enterprise Revolution works with them to provide support for one year – for example by assisting with marketing strategies and guidance on completion of the necessary HM Revenues and Customs paperwork.
95. The Panel was advised that Enterprise Revolution has worked with a number of different organisations including Business Link, Stockton Council and Middlesbrough Council. Following the demise of Business Link, Enterprise Revolution identified a business opportunity to deliver business support and mentoring for the unemployed. Enterprise Revolution is currently responsible for a contract to deliver the National Enterprise Allowance Scheme on behalf of the Department of Work and Pensions and has assisted over four and a half thousand individuals to date. In addition, an associated company - Enterprise Made Simple Ltd (which works predominantly in the Stockton area) has been established to provide business support in the retail sector.
96. The Panel was advised that, as a community sector organisation, Enterprise Revolution does not receive any support from MVDA, or have any involvement with the organisation.
97. **Allied Resource Community** is a registered charity that was established with the purpose of providing work experience for adults with special needs. This is done through a Tools for Self reliance project, which refurbishes old tools for use in Africa.
98. The business is small, with a turnover of £25,000 per year. Two part time salaries (one in the workshop and one in respect of administration) are paid from the business. The charity holds workshops and attracts people with learning difficulties or special needs, of those who may be in long-term rehabilitation. Members were advised that none of the scheme's participants receives a wage and that the value of their attendance is work experience and social engagement.

99. It was explained that the bulk of the organisation's funding comes from charitable trusts (55 - 60%). Remaining funding is raised through day care fees paid via participants' personal budgets. The panel heard that future funding is likely to be a concern as one of organisation's main funders to date (the Northern Rock Foundation, which has provided 25% funding) is no longer accepting applications for assistance.
100. In terms of support or assistance from MVDA, the representative from Allied Resource Community advised that in his view, MVDA's services were indispensable. The organisation is reliant on MVDA for payroll services, financial training and accountancy services and advice on interpretation and implementation of the law as it affects charitable organisations. The Panel was advised that without the assistance of MVDA, the organisation would need to employ an additional member of staff. The organisation regularly receives information from MVDA and has most recently received assistance to review its constitution. Members were advised that MVDA has also directed the organisation to various sources of funding.
101. The scrutiny panel also took the opportunity to examine MVDA's Sector Connector online database, which lists VCS organisations operating in Middlesbrough. The panel noted that HELD (for example) is listed as an organisation that is apparently operational and providing assistance to ex-offenders. Members requested that this issue should be clarified with MVDA as it is considered important that the database is current and accurate for anyone seeking an appropriate organisation to provide assistance.
102. In response, it was advised that organisations that register with MVDA self-select in terms of whether they wish to be listed on the Sector Connector database. Given the large number of VCS organisations operating in Middlesbrough, keeping the database up to date is very labour and time intensive. However, MVDA does make periodic checks to ensure that information is as current and accurate as possible.

Middlesbrough Council's Change Programme

103. Taking into account the authority's current difficult budget position; the pressures on public spending that are likely to continue for the foreseeable future; and the resulting Change Programme being implemented by the Council, the scrutiny panel wished to explore the potential impact of these issues on the VCS.
104. Accordingly, the Council's recently appointed Director of Transformation attended the panel to update Members on these issues. The scrutiny panel heard that the Change Programme focuses on three key areas - namely:
- The Middlesbrough Manager
 - Customer Strategy
 - WorkSmart
105. The Panel was advised that the implementation of the Middlesbrough Manager initiative will enable the authority to transform management practices throughout the Council. It will also encourage employees to be more focused on outcomes, embrace change, become more creative in the workplace and to maximise value from existing resources.

106. The aim of the Customer Strategy is to direct staff to focus more on the needs of the customer and how best to meet those needs. It was highlighted that customers can include internal or external customers of the Council and the voluntary and community sector, as well as the Council's partner organisations.
107. The focus of the strategy is to empower customers by enabling them, with support from Council staff, to access information so that they can apply for, book and pay for services online. It will also improve the sharing of information to ensure that customers receive the best service in the most efficient way. It is also envisaged that the use of direct debits; aligning payment frequencies for people on benefits; the use of procurement cards; and encouraging up-front payment for services could achieve savings in terms time savings on processing payments and in streamlining procedures.
108. The WorkSmart Programme involves the Council reviewing existing information technology and investing in IT infrastructure. This will ensure that staff have access to the most efficient technology to enable the Council to become a modern employer. It will also encourage the use of more home working and flexible working practices for employees. The Council is also examining a reduction in the authority's building assets to minimise property costs.
109. The Panel was advised that until recently, the Council has operated based on six key themes, based on the authority's structure. As part of the Change Programme it is proposed to introduce six new themes and an approach that is not tied to the existing Council structure. These themes are:
- Statutory Services
 - Non-Statutory Services
 - Service Support
 - Customer Focus
 - Asset Management
 - Investment Strategies
110. Statutory services include mandatory services that are essential to the democratic process and corporate governance of the Council. Non-statutory services are services that do not form part of the Council's core business, such as culture and arts, sports and leisure, community safety, housing renewal and youth services. Service Support includes staff who undertake work to support statutory and non- statutory services, such as staff working in information technology, legal services, accountancy, human resources etc.
111. In terms of Customer Focus, services need to be customer orientated and structured around demand. The Council needs to influence demand and structure services around it. The Council's Asset Management Group is responsible for buildings, information technology and land. The Council needs to review all assets, make better use of buildings and align them to minimise spend.
112. The Council also operates a Change Fund to support developments and implement cost reductions. In addition to this fund, which can also be used to support changes in revenue funding, the Council also has money available in the Capital Programme, which can also be invested in the Change Programme.

113. It was explained that the Change Programme is a five year programme. Key elements involve setting objectives and targets for spending reductions and putting in place arrangements to drive change. The Council's Executive Member for Change has lead responsibility for the programme and the Director of Transformation is responsible for the implementation of the changes to the way that the Council will be run in the future. A Change Programme Manager, a Finance Lead, a Human Resources Lead and a Communications Lead are to be appointed from existing staff.
114. In terms of overseeing implementation of the programme, a Change Programme Board has been established. This consists of the Executive Member for the Change Programme, the Executive Member for Resources and the Chief Executive's Management Team.
115. As part of the Change Programme process, the Council intends to engage with residents, staff, trade unions, elected members and scrutiny, public sector organisations, the voluntary and community sector organisations, community groups and local businesses. It is clear that the programme will impact on all of the above groups, including the VCS. Middlesbrough Partnership will be involved in co-ordinating the engagement process to communicate the key messages to stakeholders with regard to the Change Programme and the challenges that the Council will face. The authority intends to work with stakeholders to redefine services. Middlesbrough Partnership plans to hold bi-monthly meetings with the voluntary sector with regard to progress with the Change Programme.
116. The panel heard that MVDA is already involved in work on the Change Programme. The organisation has been appointed to lead a review of Consumer Advice Services. The aim of the review is to look at the range of different advice services available (e.g Citizens Advice Bureau, MVDA) in order to make better use of such services and to determine whether any could be co-ordinated to avoid duplication. It was highlighted that the whole of the voluntary and community sector will be involved in this process.
117. Reference was also made to reviews of future service delivery that will also be part of the Change Programme and which may impact on Council partners and the VCS. For example, the authority is working on a new project in terms of the delivery of Adult Social Care. In terms of existing service arrangements, the first step is to assess a service user's need - usually by a Social Worker. The second step is to put in place a plan to meet identified need. This is also carried out by a Social Worker. Members were advised however that other agencies/service providers could be well placed to carry out this role.
118. For example, in the case of a person suffering from early dementia, following an initial assessment by a Social Worker, organisations such as STAMP (South Tees Advocacy in Mental Health Project) or Mind could potentially work with service users to meet an identified need. It was highlighted that the costs associated with the delivery of Adult Social Care services currently represent about one third (£73m) of the total spend of the Council.

119. Members were advised that the VCS could also possibly be involved in future demand management and associated savings. For instance, VCS organisations could potentially direct service users to appropriate self help/community groups rather than the service user directly accessing health services. Reference was also made to the use of community hubs in assisting the public to access Council services and the need to support Social Enterprises to become established. It is recognised that such bodies generally require three to five years support after initial set up to enable them to become financially sustainable. Assistance is also generally required to help them to acquire the necessary knowledge and expertise to enable them to bid for suitable local authority contracts. The Panel was also advised that a review of commissioning services is taking place in the Council and that this would also be likely to impact on the VCS.

120. To date, the VCS has been actively involved in working closely with Middlesbrough Council. Reference was made to recent bids for Big Lottery funding, including an Adult Services bid to assist people in ageing well. The panel was advised that the voluntary sector was leading this project following a funding bid of £6-10m. The voluntary sector is also leading on a funding bid in respect of the national Fulfilling Lives project. This is aimed at addressing troubled families to give children aged 0-5 a better chance in life. The scrutiny panel was also reminded that funding has been awarded to MVDA in respect of the Carers Small Grants Fund and that the organisation is actively involved in the allocation of this funding to VCS organisations. Funding has also been awarded via MVDA to voluntary sector organisations to assist in identifying hidden carers.

Commissioning and Procurement Opportunities for the VCS

121. Given the current economic climate, commissioning appropriate and cost-effective services is a key challenge facing the Council. In this context, the scrutiny panel sought to explore Commissioning and Procurement Opportunities for the voluntary and community sector - particularly to ascertain how, or whether, appropriate VCS involvement can support intelligent and effective commissioning.

122. Reference was made to the Public Services (Social Value) Act 2012. Under this new legislation, public bodies are required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area.

123. The Strategic Commissioning and Procurement Manager advised that although it is difficult to ring fence contracts, the quotations process will allow the Council to take into account local issues and local suppliers. The above legislation could provide the opportunity for the authority to direct work to local VCS organisations.

124. The Government's Cabinet Office has produced ³guidance on the implications of the legislation for service commissioners and procurers. This advises that:

³ See:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79273/Public_Services_Social_Value_Act_2012_PPN.pdf

- The Act applies to the pre-procurement stage of contracts - as this is where social value can be considered to greatest effect.
- Commissioners will be required to consider how what is being procured may improve social, environmental and economic well being of the area - and how any such improvement might be secured.

125. The authority's Strategic Commissioning and Procurement Manager advised that, in the course of the last financial year, from total expenditure of approximately £124m, around £4m was spent on procurement/services involving the VCS. The Council has a number of ongoing contracts/service level agreements with the voluntary sector, including small and large contracts.

126. The Council's Standing Orders specify the procedures that need to be followed in terms of commissioning and procurement arrangements. For good/services up to £15,999 a contract can be awarded to an organisation on the basis of a single quotation. In respect of goods/services costing from £16,000 to £53,000, at least three quotations need to be sought. A tendering process is followed for any goods/services over the value of £53,000.

127. In terms of how VCS organisations can be best equipped to bid for local authority contracts, the panel was informed that the Council has facilitated a number of training courses. These have covered the procurement and commissioning process. Community Ventures Ltd (CVL) also won a contract to deliver training for VCS organisations, although the level of take up of the training was disappointing.

128. The scrutiny panel was advised that, at the request of the Council, and in conjunction with the local authority, MVDA has undertaken some work to identify how higher levels of VCS involvement in commissioning opportunities might be achieved. This work has resulted in the production of a draft Local framework for Voluntary and Community Sector Engagement in Commissioning.

129. Commissioning is often confused with procurement - which is the stage of the commissioning cycle that involves purchasing. The draft framework produced by MVDA uses a definition of commissioning as 'The cycle of assessing needs, designing responses and then achieving appropriate outcomes.'

130. The framework highlights the following four aspects of the process:

- Understanding need - Any commissioning process should start with a thorough understanding of the needs it is seeking to address. This may be through processes such as the Joint Strategic Needs Assessment that is the current means of identifying and addressing local health needs. Voluntary organisations can help to get it right by shaping the approach to needs assessments; contributing data and intelligence; and making the views of service users known.
- Planning - This stage is about designing services to achieve the desired impact and identifying how progress will be measured. Voluntary organisations can help to get it right by suggesting local solutions to local problems; providing evidence of what works on the ground; and advising on appropriate targets, outputs and outcomes.

- Purchasing and delivering - A service may be purchased either through contracting (eg putting out to tender) or through a grant. Grants are particularly appropriate as a way of securing community-based services or testing new approaches. Voluntary organisations can help by supporting decision-making processes for the award of contracts and grants; delivering services under contract, or grant agreement; and adding value to commissioning by attracting additional resources to Middlesbrough.
- Monitoring and evaluating - In addition to monitoring delivery against the contract or other agreement, it is important to ensure that services remain appropriate to changing need. This can be tested by consulting a range of relevant parties during the review process. Voluntary organisations can help by highlighting successes and/or weaknesses in meeting client need; identifying ways in which improvements can be made; and offering a route for consultation with service users.

Information from Stockton Borough Council

131. As part of its investigation, the scrutiny panel agreed that it wished to hear from another local authority about its relationship with the local voluntary and community sector. Accordingly, arrangements were made for Stockton Borough Council's Community Engagement Manager to attend a panel meeting to provide information on this subject.

132. The Community Engagement Manager advised that her role involves managing the Local Strategic Partnership, voluntary and community sector liaison, community engagement and community cohesion. The Panel was advised that, historically, Stockton Council had provided core funding to a small number of VCS organisations. In 2010, nine organisations were supported with funding. At that time, extensive consultation was undertaken with the voluntary and community sector with regard to the kind of support that organisations required in terms of infrastructure, voluntary strategic support and network support. As a result, the Council reviewed its approach to providing support to the VCS and approved a fundamental change to the way in which such organisations were funded in Stockton.

133. As a result, support available from Stockton Council to the VCS is now targeted at supporting the development and sustainability of local organisations. The current package of support includes access to the following:

- The Stockton Investment Fund.
- The Stockton Community Fund.
- The VCS Workshop Programme.
- My Community pages on the Council Website.
- Stockton Borough Council's Community Asset Transfer Strategy.
- Assistance from the Council's Community Engagement Team and the Community Empowerment Network.

134. Different support package options are available and are dependent on the requirements of a particular organisation. Stockton Council constantly reviews the range of packages available to ensure that they meet local organisations' needs.

135. The Panel was advised that *Catalyst* is the strategic organisation for the VCS in Stockton. Catalyst's website⁴ provides the following information on the organisation, its aims and objectives:

About us

Catalyst is the voice, representation and support for Stockton on Tees' voluntary, community and social enterprise (VCSE) sector. We work with various VCSE organisations, to find innovative solutions that help them continually improve and thrive. Catalyst offers a range of specialist support and benefits to its 200+ members. All of our members operate in the voluntary and community sector. It is a strategic community committed to initiating change to improve the conditions in which they operate. Membership is free.

Our role

Our role in the Sector is as a connector, intermediary, 'honest broker' and catalyst. Our role is to help the different groups and organisations to work together for the benefit of Stockton-on-Tees by bringing their different ideas and strengths to bear on a range of strategic issues and opportunities. We don't believe that we are, or want to be, truly 'representative' of a wide range of single-focus groups. We are here to catalyse the goals and missions of local charity organisations, to help them help the community.

Our vision

We have a vision of a coherent and single sector, working together in partnership to shape and deliver the services that are needed by community in the Borough of Stockton-on-Tees. We want to build on the ethos of support and co-operation integral within the sector by extending this to enable organisations to work together in sourcing funds, finding opportunities and becoming sustainable businesses.

136. Following the review of VCS support in 2010, the Stockton Investment Fund was established. In order to obtain funding, organisations are required to submit bids, with the bidding process comprising two rounds. Firstly, bids are analysed by Catalyst to ensure that they meet the relevant criteria. At the second stage, qualifying bids are considered by a panel comprising representatives of Catalyst, the voluntary sector and Stockton Borough Council.
137. Since the introduction of the Stockton Investment Fund, over 75 organisations have received assistance totalling around £244,000 from the fund. The Council's strategy is that VCS organisations should not be funded for life and, as a consequence, organisations are usually funded for a maximum three year period with grants ranging from £5k to £40k. Grants are tapered downwards over the funding period with the aim of encouraging and assisting organisations to become robust, self sustainable, fit for the future and contract-ready.
138. The Panel was advised that the Voluntary Sector Investment Fund has also been used to stage a series of workshops to assist VCS organisations in preparing bids for funding. A number of groups have benefitted from this workshop, including the

⁴ <http://www.catalyststockton.org/about-us/>

Butterwick Hospice which, after attending a bid-writing workshop, secured external funding of £365,000.

139. In response to a query from a Member, the Panel was advised that Catalyst, as the strategic organisation for the VCS in Stockton does not deliver actual services or compete with the VCS organisations for contracts. Catalyst is solely a strategic support agency that provides infrastructure support services to the VCS. The panel was advised that Catalyst is a lean organisation in terms of staffing structures and currently receives core funding of £135,000 from Stockton Council.

140. Reference was made to Catalyst's Step Change Programme, which offers organisations a self assessment tool to identify areas where they might require assistance. A comprehensive set of self-help resources enables organisations to identify possible sources of funding, develop new services for their users and to demonstrate the overall impact of the organisation. For those organisations that qualify for support, Step Change provides a confidential business mentoring service to address identified issues and assist organisations in moving forward. This involves access to a business consultant.

141. Stockton Council's review of voluntary sector funding also identified a need for VCS organisations to access funding on a very small scale - often as small as only a couple of hundred pounds. This resulted in the establishment of the Stockton Community Fund in mid-2011. This fund is made up of a range of historical, and little-used, funds previously entrusted to the Council. Following work with the Charity Commission, dormant and underused funds were used to make funding more accessible for community and residents groups. The limit of an award from the Stockton Community Fund is set at £1,000.

142. The Panel was also informed that a website has been set up to allow Stockton community and residents groups to access information and policies such as safeguarding and health and safety. The aim of the website is to share documentation and information with relevant organisations.

Reference was made to the Let's Share - Community Asset Transfer Strategy. The Panel was advised that the strategy is part of Stockton Council's commitment to supporting the development, infrastructure and sustainability of the VCS and also in response to the authority's budget position. As a result, a number of community organisations have submitted informal expressions of interest for asset transfer and discussions are ongoing.

143. Catalyst is also currently involved in the development of a community interest company (CIC) in Stockton. This is a new type of company,⁵ designed for social enterprises, that wants to use profits and assets for the public good. CICs are intended to be easy to set up, with all the flexibility and certainty of the company form, but with some special features to ensure they are working for the benefit of the community. Stockton's CIC will be a spin off from Catalyst, with its own management and staffing structure.

⁵ Introduced by the Companies (Audit, Investigations and Community Enterprise) Act 2004,

CONCLUSIONS

144. Having considered the submitted information, the Economic Regeneration and Transport Scrutiny Panel reached the following conclusions:

1. Voluntary and community sector (VCS) organisations play an important role in the provision of local public services and cover a wide and diverse range of functions. Such organisations are often in a strong and unique position to understand citizen and community needs and to meet these through the services that they provide. There are currently over 600 VCS organisations and around 9500 volunteers in Middlesbrough. An economic impact assessment undertaken in 2011/12 in respect of 30 VCS organisations in Middlesbrough calculated that 365 volunteers provided an additional economic value of £1.1m at that time. By continuing to work with the voluntary and community sector, the public sector can help to build social capital, engage better with hard to reach individuals/groups and strengthen the voice and activity of the VCS.
2. There is evidence to illustrate that grant funding invested by the authority in the voluntary and community sector contributes significantly to improving local service provision. For example, funding of £1,058,259 from the Council's Major Grants Programme between 2009/10 and 2011/12 resulted in:
 - Voluntary groups bringing in additional funding of £4,538,729 - a fourfold return on investment.
 - A social return on investment of £28,293,223.

In terms of the Council's overall budget, the contribution made to the VCS by the authority in the form of grants is small. There are currently five VCS organisations/bodies in receipt of core funding from the Major Grants Programme. While core funding averaged around £353,000 a year between 2009/10 and 2011/12, this has now been significantly reduced - to a total of around £185,000 for 2013/14. The Council's Major Grants Programme illustrates that the authority continues to value the work and importance of the voluntary and community sector. However, reductions in the programme (resulting from Council budget pressures) in recent years highlight an uncertain future position and illustrate that core grant funding cannot be relied on. This scenario should be balanced against the value of core funding provided to VCS organisations that has already been highlighted. In addition to its Major Grants Programme, the Council also supports the VCS through its Community Chest Small Grants Programme, which is used to support organisations with funding of up to £1000. A total of £22,174 was allocated to 34 organisations in 2012/13.

3. Partnership working between the Council and the local voluntary and community sector is governed and facilitated by the existing Compact agreement. This defines the principles of partnership working, sets service standards and permits VCS organisations of all sizes to have access to public sector working opportunities. The scrutiny panel considers that it would be timely to update/revise the Compact to maximise its effectiveness and reflect the changing picture locally. Against a backdrop of stringent financial pressures, the Council needs to be clear about what it wants to achieve by working with the VCS and also on the benefits that this can bring.

4. Middlesbrough Council spent approximately £4m on procuring services from the voluntary and community sector over the past 12 months. While it is acknowledged that the authority has a good working relationship with the VCS, the Council's budget position means that it is likely that the authority will need to examine the future relationship that it has with the sector. For example, in future, it may not be possible for the authority to commit to lengthy Service Level Agreements. Recent work undertaken in collaboration with Middlesbrough Voluntary Development Agency has resulted in the development of a Draft Local Framework for Voluntary and Community Sector Engagement in Commissioning. This is supported by the scrutiny panel as a positive way forward and a possible means of not only engaging the sector in service provision but also assisting the Council in commissioning appropriate and cost-effective services. By being more strategically involved in joint delivery and commissioning processes, Middlesbrough's VCS has the potential to further improve outcomes for local communities and service users. The Public Services (Social value) Act 2012 is also likely to impact on local commissioning arrangements. The Act requires public bodies to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area. In conjunction with the framework outlined above, this provides an opportunity for the Council to direct work, where appropriate, to local VCS organisations. In addition, the Council's recently acquired public health responsibilities could also lead to increased opportunities for service delivery by the voluntary and community sector.
5. Middlesbrough Voluntary Development Agency (MVDA) is the primary infrastructure and support organisation for Middlesbrough's voluntary and community sector. The organisation's role is wide and diverse and it supports VCS organisations in a number of ways - such as through provision of practical support and advice; assistance with seeking funding and ensuring sustainability; acting as an advocate on behalf of the sector; provision of training; and managing Middlesbrough Volunteer Centre. MVDA is currently one of five VCS organisations that receives core funding from Middlesbrough Council, with the level of funding having been reduced in recent years. The sum of £40,000 was provided to MVDA in 2013/14. MVDA is accountable to Middlesbrough Council in that it is subject to complying with an annual Service Level Agreement drawn up by the Council and is thereby required to provide the authority with audited accounts and a breakdown of annual expenditure. The value of MVDA's contribution to the local voluntary and community sector was endorsed by an independent study carried out by Sheffield Hallam University in 2011.
6. The Voluntary Sector Liaison Group was established by the Council as a monthly forum to discuss and progress strategic issues affecting the Council and the Voluntary Sector. Membership of the group includes representatives from the Neighbourhood and Communities Department and Middlesbrough Voluntary Development Agency. The scrutiny panel considers that, given the possibility of further developing public sector commissioning opportunities for the VCS, membership of the liaison group should be strengthened to include wider local authority departmental representation.
7. MVDA's Sector Connector database is an important source of local information to assist organisations and individuals in contacting appropriate VCS organisations. However, there is a need to ensure that the database is kept as up to date as

possible - for example that contact details relate to operational and bona-fide organisations only.

RECOMMENDATIONS

145. Following the submitted evidence, and based on the conclusions above, the scrutiny panel's recommendations for consideration by the Overview and Scrutiny board and the Executive are as follows:

1. That, in order to maximise its effectiveness and to take into account forthcoming likely changes in local authority working arrangements and service delivery, the existing Compact Agreement between Middlesbrough Council and the voluntary and community sector organisations is updated and revised.
2. That, in order to increase opportunities to engage the voluntary and community sector in service provision and to assist the Council in commissioning appropriate and cost-effective services:
 - a) The recently produced Draft Local Framework for Voluntary and Community Sector Engagement in Commissioning is formally adopted as a positive way forward.
 - b) The provisions of The Public Services (Social Value) Act 2012 are used to maximum effect to ensure that services commissioned and procured improve the economic, social and environmental well-being of the area and to direct work, wherever possible, to the voluntary and community sector. All Council service areas involved in service commissioning should be made aware of the provisions and implications of the Act.
3. That, given the possibility of further developing public sector commissioning opportunities for the voluntary and community sector, and the implications that this is likely to have on all Council service areas, the membership of the authority's Voluntary Sector Liaison Group is widened to include greater Council service representation - for example when particular services are being reviewed as part of the authority's Change Programme. In all cases, full consideration should be given to how/whether future service provision can involve the VCS.
4. That the wide-ranging and valuable work of MVDA in supporting the local VCS, and the validation of MVDA's work by the independent study carried out in 2011, is noted and (subject to the necessary budget considerations and process) Council core funding to MVDA is continued.
5. That MVDA is requested to undertake work on its Sector Connector database to ensure that the database is kept up to date and that only properly constituted and bona-fide organisations are listed.

ACKNOWLEDGEMENTS

146. The Economic Regeneration and Transport Scrutiny Panel would like to thank the following people for their help with its work:

- C Barnfather - Harbour Support Services.
- S Barker - Middlesbrough Council
- S Davidson - Community Ventures Ltd.

- M Davis - MVDA
- I Featherstone - Middlesbrough Council
- L Featherstone - Stockton Borough Council.

- M Fletcher - Enterprise Revolution.
- L Grabham - Middlesbrough Council.
- M Harvey - Middlesbrough Council.
- D Lane - MVDA
- T Parkinson - Middlesbrough Council.
- J Pearson - Allied Resource Community.
- S Perkin - Middlesbrough Council.
- Z Sharif - HELD.

BACKGROUND PAPERS

147. The following sources were consulted or referred to in preparing this report:

- Reports to and minutes of the Economic Regeneration and Transport Scrutiny Panel meetings held on 28 March, 18 April, 9 May, 27 June, 1 August, 5 and 19 September 2013.
- Websites and publications listed in the relevant footnotes of this report.

COUNCILLOR PETER SHARROCKS

CHAIR

ECONOMIC REGENERATION AND TRANSPORT SCRUTINY PANEL

Contact Officer:

Alan Crawford
 Scrutiny Support Officer
 Legal & Democratic Services
 Telephone: 01642 729707 (direct line)

November 2013