

CABINET

19 December 2012

Title: Corporate Grants and Commissioning Programme 2013/14 - 2014/15	
Report of the Cabinet Member for Crime, Justice and Communities	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Monica Needs, Snr Community Development Officer Jenny Beasley, Group Manager, Commissioning	Contact Details: Tel: 020 8227 2926 E-mail: monica.needs@lbbd.gov.uk
Accountable Divisional Director: Karen Ahmed, Divisional Director Adult Commissioning	
Accountable Director: Anne Bristow, Corporate Director of Adult and Community Services	
Summary: <p>The proposed commissions reflect the cost savings considered by Cabinet on the 19 December 2012 and look to make the best use of the funding available to meet the corporate grants' priorities of strengthening communities and capacity building for voluntary and community organisations. The savings recommended aim to protect advice services and volunteer support – the services providing most immediate front line benefit to residents. In turn, this will contribute directly towards achievement of corporate and partnership objectives particularly the Council Theme "Better Together".</p> <p>It is proposed to tender for two new services which combine a number of functions and current contracts in order to ensure that the Council obtains best value for money and that robust services can be delivered within the reduced cost envelope These services are:</p> <ul style="list-style-type: none">• The Voluntary and Community Sector Support Service• Advice, Case Work and Enhanced Welfare Benefits Service	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ol style="list-style-type: none">(i) Approve the procurement strategy;(ii) Agree to commence a competitive tender exercise to procure:<ul style="list-style-type: none">• an infrastructure support service• advice and case work service including enhanced welfare rights advice.(iii) Indicate whether the Cabinet wishes to be further informed or consulted on the progress of the procurement and the award of the contracts, or whether it is content for the Corporate Director of Adult and Community Services, in consultation with the	

Chief Financial Officer and the Head of Legal and Democratic Services, to award the contract to the successful contractor; and

- (iv) Delegate Authority to the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Crime, Justice and Communities to determine the reallocation to the local voluntary sector of any funding that may become available during 2013/14 and 2014/15 as a result of further reductions to the Council's contribution to London Councils.

Reason(s)

The proposed commissions reflect the cost savings considered by Cabinet on the 19 December 2012 and look to make the best use of the funding available to meet the corporate grants' priorities of strengthening communities and capacity building for voluntary and community organisations.

1. Background

- 1.1 On 28th September 2010, Cabinet agreed a revised model for the corporate grants and commissioning programme. The changes were designed to ensure that limited funds are targeted to where they will be most effective in achieving the programme's objectives. In particular, the focus of the programme is towards *building the capacity* of the third sector in the borough, and *building community cohesion*. All the current commissioned services and grants have outcomes to meet these objectives.
- 1.2 At its meeting on 17 January 2012 Cabinet agreed that a grants review be carried out to ensure that the greater than projected cost of the Council's contribution to London Councils and the required corporate saving of £215,000 in 2013/14, is achieved. In addition the Council is now required to make additional savings from April 2013; this report proposes the commissions that will be maintained from April 2013 and seeks approval for the tender process for the advice services tender.

The current contracts for enhanced welfare rights advice are also due to be tendered from April 2013 and the welfare benefits advice service currently delivered through Children's Centres ends in March 2013. This report proposes that one contract is advertised that includes generalist advice for residents, hate crime support and enhanced welfare rights advice.

- 1.3 This report and the subsequent commissioning is contingent on the recommended budget savings, in particular ACS SAV07, elsewhere in the agenda, being agreed.

2 Local context

- 2.1 Like all Boroughs, the Council provides funding to a range of voluntary and community organisations through grants, but increasingly also by commissioning them to provide services. In 2011-12, the Council as a whole provided the following contracts and grants to charities or community interest companies:

Table 1

Funding Provided	Number	Value of payments
Organisations based in Barking and Dagenham	93	£5,405,188
Outside organisations delivering services in Barking and Dagenham	35	£13,351,535
Total grants and contracts	128	£18,756,723

- 2.2 The Council is providing a greater proportion of funding through commissioning services than making grants compared to five years ago. For example, at that time the Citizens Advice Bureau and Barking and Dagenham CVS received direct grants for their core activities; now both organisations are receiving funding to provide commissioned services through contracts, which they won in open competition with other organisations. This approach provides the Council with clearer value for money. It can also mean that local groups who do not meet agreed targets lose contracts to other organisations. The current breakdown is:

Table 2

Funding Provided	Number	Value of payments
Grants	95	£1,462,868
Contracts	65	£17,293,855
Total grants and contracts	160	£18,756,723

- 2.3 Public sector funding has substantially reduced and grant funding available has changed particularly around priorities. For example the Big Lottery has reviewed how it funds infrastructure support and will not be funding in the same way or to the same level.
- 2.4 In this context smaller organisations are less stable, and so small commissions for small amounts are more at risk of failure. In addition, the sector's greatest need is to ensure good governance and receive support in finding funding. The contracts recommended therefore focuses on two larger commissions, which seek to protect front line services, and those aspects of the Voluntary and Community Sector Support contract which provide for support with development of voluntary sector organisations and attracting additional funding.

Welfare Reforms

- 2.5 The welfare reforms will significantly impact on residents in Barking and Dagenham from April 2013. These reforms include: housing benefits and local housing allowance; the benefit cap estimated to effect at least 1200 households in Barking and Dagenham; council tax benefit; changes to employment support allowance and eligibility for tax credits and budgeting loans from October 2013. Current advice providers have already seen an increase in clients and are struggling to service demand. Waiting lists of between 8 and 12 weeks are already being reported.

Legal Aid Changes

- 2.6 From April 2013, legal aid advice will be abolished for all welfare reform matters, debt and all housing cases except those where a person's home is at "immediate risk" or where housing repair poses a serious threat to health. Legal aid advice on issues involving family breakdown and immigration status will also be abolished,

except where domestic violence, child protection, state childcare or detention is involved.

London Councils

- 2.5 Legal advice has been sought on the possibility of unilaterally withdrawing from the London Councils grants programme and the advice is that it is extremely difficult for the Council to withdraw from the grants programme. All decisions regarding the grants programme require the agreement of two-thirds of local authorities and there is currently no support from other boroughs for moving to end the programme or for substantial reduction. However, the Council continues to argue for a reduction with limited progress.
- 2.6 The Council wrote to London Councils on 26 January 2012. In that letter, the Council said that, “the Council will need to look very closely at whether the scheme continues to provide value for money for our residents in future years”. The Council also expressed concern about the need to ensure that “London Councils is able to demonstrate the value for money of each of these grants, including delivery against specified outcomes, to the London Borough of Barking and Dagenham, including for pan-London projects”.
- 3.3 Members have previously indicated that if reductions were achieved in the contribution to the London Grants Scheme then they would be minded to reinvest this in the local voluntary sector. However given our contribution is based on population and that population continues to grow rapidly it is difficult to accurately predict our contribution in future years. Therefore it is recommended that the budget is maintained at £200,000, but in 2013/4 when £15,000 is released by our contribution falling to £205,000, that this is used to fund short-term investment in the local voluntary sector. This will need to be kept under review.

4. Proposed Way Forward

- 4.1 It is proposed to tender for two new services which combine a number of functions and current contracts in order to ensure that the Council obtains best value for money and that robust services can be delivered within the reduced cost envelope. These services are:

- The Voluntary and Community Sector Support Service
- Advice, Case Work and Enhanced Welfare Benefits Service

The Voluntary and Community Sector Support Service

- 4.2 The Voluntary and Community Sector Support Service would combine voluntary and community sector training, information, support, funding and development support, volunteer development and coordination and community accountancy functions. This would enable some savings to be made through combining administration and management. It would also enable volunteering to benefit from closer links with the infrastructure support service.
- 4.3 The total annual budget would be £100,000 with a maximum value for this contract of £400,000. The contract recommended is for 2 years with the ability to extend for an additional 2 years one year at a time.

- 4.4 The current organisation is commissioned to provide services to meet the five National Association for Voluntary and Community Action (NAVCA) performance standards for local support and development organisations:
- a. **Services and support** - pro-actively identifies needs in the local community and facilitates improvement in service provision to meet those needs.
 - b. **Liaison** - facilitates effective communication or networking and collaboration amongst local voluntary and community groups.
 - c. **Representation** - enables the diverse views of the local voluntary and community sector to be represented to external bodies, developing and facilitating structures which promote effective working relationships and two-way communication.
 - d. **Development work** - assists local voluntary and community organisations to function more effectively and deliver quality services to their users, members or constituents
 - e. **Strategic partnership** - enhances the voluntary and community sector's role as an integral part of local planning and policy-making

4.5 The reduced amount would not be sufficient for all these areas to be resourced. The new commission would focus on the areas which provide services to other organisations. Work to provide representation and develop strategic partnerships would be carried out by all Partners within the Local Strategic Partnership, with the support of the Council. The new commission would provide for:

- a. **Services and support** - pro-actively identifies needs in the local community and facilitates improvement in service provision to meet those needs.
- b. **Liaison** - facilitates effective communication or networking and collaboration amongst local voluntary and community groups.
- c. **Development work** - assists local voluntary and community organisations to function more effectively and deliver quality services to their users, members or constituents

Advice and Casework and Enhanced Welfare Benefits

4.6 The second service would combine the generalist advice and hate crime service. Consolidating the services would enable hate incidents reporting to benefit from the multiple locations, presence, quality standards and reach of the generalist advice service. With the Community Legal Advice Centre losing such a large part of its funding, other than the Council funding, this approach would enable more flexibility for the development of a viable, borough wide service than more, smaller contracts would offer.

4.7 It is further proposed that this service will now be combined with the enhanced welfare benefits contract and the welfare benefits advice service currently commissioned by Adults and Children's Services. These services provide specialist welfare benefits advice to disabled people and families in a variety of locations,

including providing home visits for disabled people who cannot leave their homes. The current funding agreements end in March 2013 and the £124,766 attached to these contracts will be added to the above commission and tendered as one contract with an annual budget for £319,766. The contract recommended is for 2 years with the ability to extend for an additional 2 years one year at a time. Therefore the potential contract value is £ £1,279,064.

- 4.8 By combining the contracts an opportunity is offered to the voluntary sector to put in a consortia bid which could enable better partnership working, reduce the potential for duplication and facilitate a sustained voluntary sector. The service will be more joined up and able to provide holistic support to local residents in these very difficult times.

5 Options Appraisal

- 5.1 The options available for the future are described below:

Option 1: Combine all services into one commission.

- 5.2 This approach could enable significant cost savings for the organisation commissioned in terms of back office costs. However it is unlikely to provide the best services for local residents given that few, if any, organisations would have the necessary skill base to be able to provide the range of services combined in this contract. This approach would also present considerable risk; if the sole provider failed to deliver services to an acceptable standard, or faced other difficulties, there would be immediate impact on all the services provided.

Option 2: Consolidate the strategic services into two commissions, and include enhanced welfare benefits services in the generalist advice service tender.

- 5.3 This approach would commission two separate services with clear specialisms – one providing infrastructure support to the local voluntary and community sector and promoting volunteering and the second providing a range of advice and case work to local residents.

This would enable two separate organisations or partnerships with the appropriate specialist skills to provide a range of services. In particular, the combining of 5 current contracts to provide advice and case work services will enable better value for money through the development of a single or shared management structure and shared back office functions. Through the joining up of services, better coverage and a more holistic service will be provided for local residents within the reduced cost envelope than that through 5 separate smaller contracts.

This option is explored in more detail in paragraphs 4.1 to 4.8 and is the recommended option.

Option 3: Tender all services separately

- 5.4 This option is not recommended as it would result in all the services being let as separate contracts; an approach would result in potentially fragmented services. The customer would not have one point of access for advice and there would be the

potential for duplication and gaps in service. Smaller contracts would also not support the sustainability of local organisations in the same way because of the reduced levels of funding. There would be no opportunity for back office savings and synergy in service that could potentially be achieved.

Option 4: Do nothing

- 5.5 By doing nothing, the Council would remain committed to contracts totalling more than the available budget. This is not a viable option.

6 Commissioning Process

- 6.1 The contract duration for both the contracts will be for two years with the option to extend for up to a further two years one year at a time. This will give the organisations time to consolidate services and an opportunity to attract additional external funding.
- 6.2 The advice, casework and enhanced welfare benefits service will have a total contractual value (over two years, if with the potential to extend for one plus one years) of over £400,000 and as such will require Cabinet to approve the procurement strategy.
- 6.3 The proposed procurement method is that of application questionnaire and bid assessment and will be an open tender process due to the tight commissioning window. The best tender can then be selected. The Contract Award Criteria is proposed to be 70% quality and 30% price.

The quality element will assess:

- Value for Money
- Demonstrating performance management competencies
- Technical ability
- Knowledge of customers
- Demonstrating outcomes
- Sustainability

- 6.4 The opportunities to bid for services need to be available in January 2013 for contracts to start from 1 April 2013. There is only time to run an open tender application process. The timescales are outlined in the table below:

Action	Date
Cabinet Approval	19 December 2012
Advertisements published	02 January 2013
Tenders to be returned	01 February 2013
Shortlisting based on experience, followed by evaluation of the cost and quality submission, including interviews	February 2013
Sign off by Corporate Director	28 February 2013
Contract award	1 March 2013
Facilitate possible TUPE meetings between providers	March 2013

Contract delivery starts	1 st April 2013
--------------------------	----------------------------

- 6.5 It is intended to advertise on the Council's website and the supply2.gov.uk website in accordance with the Council's contract rules, and other appropriate websites, inviting tenders from parties that can demonstrate relevant experience in delivering the services.

7 Consultation

- 7.1 The current themes of the Corporate Grants and Commissioning Programme were set following the Grants Review 2010, which was based on a substantial consultation. This paper lays out the best option for retaining as much of the benefit to those themes as possible within a reduced budget. The consultation has therefore focussed on the impact on currently funded organisations. To this end, a meeting was held with chairs of all the currently commissioned organisations, and responses sought from each organisation, on 18 July 2012. The organisations were informed of the proposal in writing before 16 July. The meeting of the Voluntary Sector Forum on 16 July 2012 discussed the options provided. Organisations requested that the cuts be considered with the other budget savings proposals in the autumn of 2012 and the timetable was adjusted accordingly with the response deadline being extended until 30 November 2012.
- 7.2 At the Safer and Stronger Community Select Committee on 31 October 2012, the Voluntary and Community Sector lobbied for additional savings of £10,000 from London Councils to be retained within the budget. Councillor Gill and Members recommended to Cabinet that the budget amount be increased by £10,000. The Safer and Stronger Community Select Committee further recommended that the additional £10,000 be added to the funding for a generalist advice service.
- 7.3 The Council was presented with a petition containing 285 signatures from 232 separate addresses in the borough (including 9 key voluntary sector locations) requesting that the Council reject the proposed cuts to the voluntary sector. This was heard at the Assembly meeting on the 5 December 2012.

8 Financial Implications

Implications completed by: Dawn Calvert: Group Manger, Finance

In 2013/4 the budget available for corporate grants is £306,000. The required contribution for London Councils is £205,000 but it would be useful for the reasons set out in paragraph 3.3 to retain budget provision at £220,000. In order to procure the services proposed in section 4, it will be necessary to commit £295,000 from corporate grants, £89,766 from Adult and Community Services and £35,000 from Childrens' services. This would leave £11,000 from pump priming grants and an additional £15,000 from the corporate grants budget to fund short-term investment in the local voluntary sector in 2013/4.

9 Legal Implications

Implications completed by: Daniel Toohey: Principle Corporate Solicitor

- 9.1 Due to the value of these contracts the EU procurement regulations (Public Contracts Regulations 2006) will apply. Due to the subject matter these services are classed as Part B services under those regulations and are therefore exempt from the full regulatory process, although the Council will need to ensure compliance with advertising requirements, and the general principles of fairness and transparency, when undertaking the procurement.
- 9.2 In addition the Council's constitutional requirements for competitive tendering, as set out in the contract rules, are to be followed. Legal will provide advice and assistance during the procurement process, working alongside commissioning/procurement officers.

10 Other Implications

- 10.1 Risk Management** - There is a risk that the services receiving funding will experience increased demand as the impact of the recession continues. This will be monitored through the regular contract monitoring, and funded organisations supported to adjust the services offered within the contract price if appropriate.
- 10.2 Contractual Issues** - It is recommended to commission services for two years with a one plus one year option for extension. The advantage of this option is that the Council does not know the nature of the settlement it will receive from central government as yet.

It is intended to use the break clauses within current contracts where necessary to terminate the services and retender in line with these proposals.

The current Community Legal Advice Service contract, which is part funded by the Council is due to end in May 2013. However due to changes in funding and priorities the Legal Services Commission is seeking to end their funding in March 2013. It is therefore recommended that the Council also ends its contract at the same times so we can then recommission generalist advice and hate crime on the same timescale as the other commissions above and ensure the full budget saving in 2013-14.

- 10.3 Staffing Issues** - There are no staffing issues in respect of the Council's workforce, however there could be possible Transfer of Undertakings (Protection of Employment) TUPE implications for staff currently employed by current providers. Because there are possible TUPE implications the process that will be followed as part of this procurement exercise is as described below:

- a) Given the long consultation at the request of the voluntary sector, and the impact that this has on the tender timetable, the Council have taken the exceptional step ahead to advise incumbent providers will be advised that they will need to supply TUPE information to the Council before a decision is made to ensure that staff are not disadvantaged.
- b) It will be made clear in the advert and tender documents that TUPE may apply so that prospective tenderers are aware of this matter before they apply.

- c) The returned completed templates and any supporting documentation will be included in the Invitation to Tender packs so that all tenderers have this information available to them when completing their tender return;
- d) Tender returns will be carefully reviewed to ensure that TUPE has been considered and returns reflect TUPE considerations: where necessary clarification will be sort by the Council:
- e) At interview stage TUPE will be discussed with providers. The Council will make it clear to providers that the Council will be available to facilitate meetings between providers in the case of TUPE. The Council's role will, however, be minimal as TUPE will be an issue that will need to be dealt with between the incumbent provider and any new provider;
- f) On award of contract/takeover of service delivery, the Council will monitor the situation to ensure that all TUPE matters are dealt with properly and efficiently

10.4 Customer Impact - An Equalities impact assessment has been undertaken on the implications of the proposals within this report (please see Appendix 1). The main outcomes of the assessment are as follows:

The Local Infrastructure Organisation would be able to continue to provide training, support and advice to local Black, Asian and Minority Ethnic organisations and people.

Healthwatch and the Voluntary Sector Forum would continue to be a formal point of engagement for equalities groups in the borough. The Volunteer Plus volunteer service particularly benefits people with protected characteristics, as do services not included in the corporate commissioning programme, such as DABD and Carers of Barking and Dagenham.

Barking and Dagenham has a significantly higher than average percentage of residents who are disabled. The Council would work through other structures, including the Healthwatch commission, to arrange one off meetings and maintain contact with groups who work with and represent disabled people to ensure that future changes to services and new policies effectively take account of their interests and needs. The Council will continue to work with other partners, including DABD, ILA and DIAL, to engage with and support residents with disabilities. Healthwatch will continue to maintain contact with people from each of the protected characteristics.

It is proposed to combine the generalist advice service with the Race Equality Project. The service would coordinate hate crime reporting and provide some case work support for victims of hate crime as well as providing generalist advice. This would ensure that all these areas would be fully coordinated. By commissioning these services, front line services which particularly benefit people with a protected characteristic would be protected.

The proposal would mean that Pump Priming Grants can be awarded. In particular, it would be possible to fund a wide range of neighbourhood activities and projects. This would be a key support for the borough's new Cohesion Strategy, which emphasises the need to support residents to develop local services and activities, to

support the requirement to foster good relations between people with protected characteristics and the wider community.

- The Volunteer Service engages well with members of the community who are older, have a disability and are part of the LGBT community. The proposal within this report does not indicate any negative effect on maintaining this crucial engagement. The assessment indicated that the engagement and support for members of the Black and Asian Minority Ethnic Refugee communities could be improved and this will be built into the specification for the new service.
- The Welfare benefit changes will impact on all residents especially people who are disabled and from a low socio economic group. Demand for welfare benefit support is expected to increase.
- The proposal to tender the welfare benefits advice service with the new infrastructure support service will result in better coordination between services, signposting, and better use of resources to meet this increased demand.
- Improved monitoring systems will be put in place across all the services, and signposting between advice services will be improved. The new service model and specification will lead to greater consistency and improved integration so that customers are clear about how to access services and are not referred inappropriately between different agencies.

10.5 Safeguarding Children - It is a requirement for all funded organisations to be fully compliant with the provisions of the Children Act 2006 (and the increased safeguards introduced in October 2009) as well as being section 11 compliant or working towards section 11 compliance and to have written policies in place for the protection of vulnerable children and adults. Compliance with this requirement is routinely monitored through the grants programme. If a funded organisation failed to meet the requirements, a range of remedies and sanctions are available to the Council up to and including the removal of grant aid.

The current volunteering contract includes the provision of a CRB service and voluntary sector support around safeguarding. This will be reflected in the merged Voluntary and Community Sector Support Service commission although the provider may change due to the competitive nature of the process.

10.6 Health Issues - Poor mental and physical health are associated with deprivation and income. Reductions in household income and anxiety about debt could impact negatively on the health and well being of individuals. Therefore contracted services aimed at reducing debt and improving income should have a positive impact on health, depending on the capacity and investment in these services.

10.7 Crime and Disorder Issues - Activities relating to crime reduction and reducing fear of crime have been incorporated into the community cohesion strategy's action plan. The community cohesion strategy supports activity aimed at reducing tension and supporting communities to identify and resolve local issues, which may otherwise lead to community safety issues. The commitment and activities to promote neighbourliness and working together will promote trust and engagement, which will enhance community safety in the borough.

Background Papers Used in the Preparation of the Report:

- Corporate Grants and Commissioning Programme 2011/12, presented to Cabinet 15 March 2011.
- Service specifications for the new commissions (available on request)
- Legal advice regarding London Councils (available on request)

List of appendices:

Appendix 1 - Equality Impact Assessment