



Communities Select Committee
16 January 2013

**Outcomes-based funding for Voluntary, Community and Faith
Sector infrastructure in Surrey**

Purpose of the report: Policy Development and Review

To update the Committee on (i) progress to develop a new approach to support for Voluntary, Community and Faith Sector (VCFS) infrastructure, designed to improve outcomes for Surrey residents; (ii) 2012/13 and 2013/14 funding allocations to VCFS infrastructure groups and the impacts on delivery; and (iii) the Surrey Compact.

Introduction

1. There are over 5,700 VCFS groups in Surrey. Infrastructure organisations enable these groups to run effectively by providing access to a range of targeted advice and support services. The County Council is committed to ensuring there is a strong VCFS infrastructure in place to support a vibrant and active civil society in Surrey.
2. The Communities Select Committee has been updated regularly at its meetings over the last year on work to co-design proposals for a new approach to the delivery of VCFS infrastructure starting in April 2013. The aim of the approach has been to support effective and sustainable VCFS infrastructure in Surrey, achieving greater focus on impact for Surrey residents, particularly the vulnerable, to improve efficiency and to provide greater financial stability.
3. The Committee was also updated at its 12 July 2012 meeting on the County Council's proposal to support the Surrey Compact, including a three-year funding arrangement of £25,000 per annum from April 2013. This would be supplemented with ongoing officer support to the Compact working groups; additional funding and support for the annual Compact event and a commitment to champion Surrey Compact both internally and with external partners. The approach was agreed with the Compact Chairman.
4. This report provides an update on the County Council's work with partners in the VCFS, District and Borough Councils and Health to design a new performance framework which will provide greater focus on outcomes for

Surrey residents and evidence of beneficial impacts. The framework will be introduced from April 2013. It also provides an overview of the funding profile for infrastructure groups and an update on the Surrey Compact.

The new outcomes based approach to VCFS infrastructure

5. Following extensive consultation with partners between April – July 2012, and listening carefully to the concerns and all the views expressed, the County Council has developed a way forward for supporting VCFS infrastructure that reinforces shared objectives and addresses the concerns raised. This approach was developed in close discussions with the Portfolio Holder and relevant stakeholders including existing infrastructure organisations.
6. The key messages from the consultation are outlined fully in the County Council's response following the consultation attached at **Annex A**. This was shared with all County Councillors and stakeholders on 31 July 2012. The most strongly held views can be summarised as:
 - overwhelming support for the co-designed outcomes for VCFS infrastructure;
 - strong concerns about commissioning the outcomes through open, competitive tendering, although with notable support from some District and Borough Councils and VCFS organisations;
 - widespread recognition of the value provided by local Councils for Voluntary Service, and for the need for both local and county-wide service provision;
 - significant scope to improve performance management arrangements based around the current tripartite relationships between the County Council, District and Borough Councils and NHS Surrey;
 - further work is needed to strengthen VCFS partnership arrangements which are currently insufficient to enable delivery of the outcomes.
7. This is in line with the views expressed by the Communities Select Committee at its 22 May 2012 meeting which highlighted concerns about the impact of the proposals on partnership working, particularly in light of the changing health landscape, and on the tripartite funding arrangements.
8. In recognition of the very positive and universal support for the co-designed outcomes, the County Council will focus on the delivery of these outcomes for Surrey and the VCFS. This is a significant step forward, built on a consensus about meeting the needs of people in Surrey. The full list of outcomes is attached in response to the consultation in **Annex A**.

Developing the new approach for 2013-14

9. For 2013 – 14, the County Council will not introduce competitive tendering. It will maintain funding to all currently funded generic VCFS infrastructure providers on an individual basis for the next financial year. This will include all organisations currently receiving funding through the Chief Executive's Office (CEO), as well as Woking Association of Voluntary Service.
10. A strong message from the consultation was that tripartite arrangements should be maintained and strengthened, particularly in the areas of performance

management and aligning commissioning intentions. This was seen to be especially important given the changes underway in health and the uncertainty about future funding arrangements.

11. As a result, the County Council has worked closely with partners in District and Borough Councils and Health during the Autumn to develop new outcomes-based performance management arrangements. This is built upon common outcome measures and a co-ordinated approach to monitoring and reporting. In doing this, partners have worked together to agree which organisations will be delivering which outcomes, ensuring duplication is kept to a minimum and there is a defined remit between county and local activity.
12. This is an important step in providing strong evidence of the delivery of the key outcomes and shifting to more timely and proportionate reporting. The new system has been aligned to the work developed by VCFS infrastructure groups through the national 'Transforming Local Infrastructure Fund' so that a single approach is agreed. A pilot of the new system is currently underway with an infrastructure organisation. Building on the learning from this pilot and any resulting modifications, the new system will be rolled out to all infrastructure organisations from 1 April 2013.
13. Sessions are being held in January to engage infrastructure organisations and their trustees to update on progress and to allow further opportunity to input into the performance management arrangements as they are tested through the pilot. All partners recognise that 2013-14 will be a transition year while the new arrangements are established. It will be necessary to be flexible, review and modify elements of the arrangements as they develop.
14. The Communities Select Committee will be updated on progress at appropriate milestones in the development of the new approach over the course of 2013. Subject to the Committee's agreement, officers will provide an update to the Select Committee on the outcomes based performance management arrangements at its meeting on 21 March 2013. From late July 2013, performance information on delivery of the outcomes will be available and the Select Committee could receive regular performance reports. The first report of Quarter 1 could be provided to the Select Committee in Sept 2013.

Refreshing the County Council's VCFS Framework

15. In early 2012, Internal Audit undertook a review of the County Council's 'Framework for working with the Voluntary, Community and Faith Sector.' Published in 2010, the Framework sets out the principles by which the Council will work with the VCFS in a consistent and effective approach. It embeds the Compact principles into the heart of the organisation's processes and relationship with the VCFS. Internal Audit's Management Action Plan, attached as a summary at **Annex B**, recommended an update of the Framework to ensure it remains current.
16. The County Council has now published a draft refreshed Framework, aligning it with the *One County, One Team Corporate Strategy* and ensuring the principles remain relevant and support continued improvement. The draft Framework was highlighted by the Portfolio Holder at the annual Surrey Compact event in November 2012, and shared with participants for comment. It has also been

circulated to VCFS infrastructure organisations for wider distribution and is attached for the Select Committee at **Annex C**. The remaining actions from the Management Action Plan are now complete or proceeding as planned.

Funding for VCFS infrastructure: 2012/13 and 2013/14

17. As previously reported to the Select Committee, in 2012/13 overall funding to support VCFS infrastructure has been reduced by 25% in line with the Chief Executive Office's budget allocation. Infrastructure organisations were given notice of the likely reductions in 2011, so that they could prepare and minimise the impacts. Preparations included greater collaboration, working differently to reduce duplication and focussing more on outcomes and activities that added value to the wider VCFS and Surrey residents. Alongside this, the County Council has significantly reduced the ringfencing of funding to allow maximum flexibility for organisations to direct their resources to greatest effect.
18. The funding profile for infrastructure organisations for 2012/13 and 2013/14 is provided at **Annex D**. The annex also includes comparisons with the baseline funding year of 2011/12, prior to the reductions being implemented. It reveals the extent to which the removal of ringfencing has enabled most local Councils for Voluntary Services (CVSs) to maintain their funding at 2011/12 levels. It also shows the significant funding provided to local CVSs by both District and Borough Councils and NHS Surrey. Consequently, there has been no impact on frontline VCFS organisations or residents identified as a consequence of these reductions.
19. For 2013/14, the County Council listened carefully to the feedback and suggestions from partners and decided on a set of funding proposals that provide maximum stability and maintain funding as close as possible to the level of 2012/13 funding (**also included in Annex D**). This means that no infrastructure organisation should be destabilised in such a way that would affect its viability. Letters of indicative funding were sent to each of the CEO funded organisations on 9 October 2012 to ensure the Council is meeting its Compact obligations.
20. In 2013/14, the total amount of CEO funding to local infrastructure organisations, namely the nine local CVS organisations, is £300,000. This is supplemented by additional funding from District and Borough Councils, both direct and support in kind such as premises and IT, estimated at a further £100,000 in support. The total amount of CEO funding to county- wide organisations, namely Surrey Community Action, the Communities Engagement Team (formerly Department for Social Responsibility and Community Foundation for Surrey, is £150,000.
21. This funding is for one year only. The County Council has aspirations to move towards three-year funding arrangements, however, the funding climate for the public sector remains challenging; future funding for VCFS infrastructure will be reviewed in light of the budget available.
22. The County Council has operated in the manner described above so as to remain fully Surrey Compact compliant.

Update on Surrey Compact

23. The County Council's total funding for VCFS infrastructure is a maximum of £475,000 per year from April 2013. As reported to Communities Select Committee on 12 July 2012, the County Council intends to top slice £25,000 per annum from this amount over three years for the Surrey Compact.
24. The Surrey Compact Chairman has written to all District and Borough Councils and NHS Surrey in an effort to widen its funding base and secure further resources to add to the amount committed by the County Council. Unfortunately, no funding has yet been secured. The County Council will continue to support Surrey Compact to look at new ways of working with the resource they receive, however the Compact Chairman has intimated he may wind down the Compact as an organisation or some of its services if resources remain a challenge.
25. On 28 November 2012, the County Council jointly hosted the annual Surrey Compact event. It also provided significant support for the event, funding all venue and refreshment costs, briefing plenary speakers, organising all of the breakout sessions, and staffing the logistical operations on the day. This was a very successful event, with positive feedback from representatives of both the VCFS and commissioning organisations that attended. The County Council remains fully committed to the Surrey Compact; having senior commissioning managers from all key service areas and County Councillors present was a real demonstration of that commitment. The Compact Chairman also used the event as an opportunity to highlight the importance of the Compact and the resource issues they are facing.

<h2>Conclusions</h2>

26. The County Council has listened carefully and worked closely with all partners to ensure VCFS infrastructure organisations are well prepared and supported to deliver the co-designed outcomes. Care has been taken to ensure duplication is reduced, that resources are used efficiently and there is minimal impact on both existing organisations and service users of those organisations. Developing a robust and proportionate outcomes-based performance management system to be in place from April 2013 will be an important milestone in providing a strong evidence base that the outcomes are being delivered for Surrey residents.

Financial and value for money implications

27. In 2012-13 funding has been reduced by 25% in line with the Chief Executive Office's budget allocation. For 2013-14, further reductions will bring the cumulative total to 30%, against the baseline year 2011-12.
28. As outlined previously in this report, the County Council has exercised maximum flexibility to enable VCFS infrastructure organisations to work differently, reduce duplication while minimising the impact on service users.

Equalities Implications

29. Many VCFS organisations work with some of the most vulnerable people in Surrey. It is essential that effective infrastructure is in place to enable these organisations to carry out their activities with maximum impact. By co-designing the new approach with VCFS organisations, including frontline groups, the County Council's funding will focus more effectively on ensuring positive outcomes for vulnerable people in Surrey.

Risk Management Implications

30. The risks associated with reduced VCFS budgets are being mitigated by providing advance notice of budget changes and engaging and consulting continuously with infrastructure organisations and partners. This has helped to identify and mitigate any risks associated with the proposals and find positive solutions.

Implications for the Council's Priorities or Community Strategy

31. The proposed approach for outcomes-based funding for VCFS infrastructure aligns with Surrey County Council's priorities to provide quality services, increase public value and work with partners in the interest of Surrey.

Recommendations

That the Communities Select Committee:

- Endorses the outcomes-based approach to delivery of VCFS infrastructure in Surrey for 2013-14 which has been developed in discussions with the Portfolio Holder, the VCFS and partners.
- Advises on the timeframes on which to receive performance reports related to delivery of outcomes of VCFS infrastructure.

Next steps

- Tbc January 2013: meeting with County Councillor Trustees of infrastructure organisations;
- 29 January 2013: meeting with infrastructure providers to confirm proposed performance management arrangements and piloting;
- Mid March 2013: Review progress on pilot;
- 21 March 2013: report to Communities Select Committee regarding new Performance Management arrangements for VCFS infrastructure;
- 1 April 2013: new outcomes-based performance management arrangements for VCFS infrastructure commence;
- July 2013: first performance reporting against the outcomes-based performance measures and quarterly reporting thereafter. Review impact of new arrangements.
- July 2013: report to Communities Select Committee on progress of new arrangements
- September 2013: Performance report to Communities Select Committee subject to agreement.

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Annex A: Surrey County Council response to the consultation on an outcomes-based commissioning framework for Voluntary, Community and Faith Sector Infrastructure in Surrey, April 2013 – March 2016

Annex B: Internal Audit Management Action Plan of 'Framework for working with the VCFS' and progress on recommendations

Annex C: Draft refreshed Framework for working with the VCFS'

Annex D: CEO funding to VCFS infrastructure groups

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