

# HAD response to the London Borough of Harrow Voluntary and Community Sector Review and related Budget proposals.

## **Draft 4 @ 20.10.16**

### **1.0 Introduction.**

- This report has been agreed by the HAD Finance and General Purposes committee and reflects HADs concern about Councils budget process and proposals.
- HAD has consistently recognised the massive financial challenges facing the Council as a result of Government cuts and increased demand for services.
- We have consistently refused to criticise the Council for making budget cuts and have consistently engaged in consultation processes to try and help the Council make both the difficult but also appropriate decisions.
- HAD is however deeply concerned at the published review into the Voluntary and Community Sector (VCS). Behind some soft words around partnership the review appears to be an agenda for making short term budget cuts.
- The review is a missed opportunity to create a sustainable future. It reflects yesterday's debates. It misses the opportunity to create a new powerful relationship with the VCS and in so doing misses the opportunity to protect public services and to redistribute resources to the VCS in order to protect some of the vulnerable residents in the borough, whilst delivering Value for Money and meeting the legal requirement to 'balance the books' and set a legal budget.
- In our response to the review and the budget proposals this paper:
  - i) Sets out 12 areas of concern
  - ii) Considers an alternative strategic approach.
  - iii) Proposes a short term alternative proposal for 2017/18.
  - iv) Proposes an alternative co-production approach.

## **2.0 Twelve Areas of Concern.**

### **2.1 The role of the Harrow Community Action (HCA)**

- HAD was a founder member of the HCA and is represented on its board.
- The VCS review looked at the HCA and also at the different VCS model of a Council for Voluntary Organisations.
- The HCA does need to become more influential in shaping Council policy and decisions. The most effective CVOs do that.
- The HCA has developed a role in co-ordinating bids for contracts and then ensuring that the consortium based contracts work well and provide performance and monitoring information to the relevant commissioners. The contracts are not just with the LBH but include other funding sources such as the Lottery.
- It was inappropriate for the Council review to propose abolition of the HCA. We were pleased that the Administration has rejected this recommendation.
- We do think that there is an argument to change how the HCA operates, but that is a matter for its members.
- Change in the role of the HCA would be required if the Council moved away from its current fixation with tendering.
- HAD support the HCA taking on the monitoring role and facilitate self regulation by LPS organisations.

### **2.2 Tendering versus Local Partnership Status (LPS)**

- HAD believes that the Council would save money and reduce time consuming pressures upon VCS, achieve VFM and long term stability by moving to a funding regime not based on competition but based on partnership. The approach would have 5 aspects:

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1. The Council abandons the tendering model for contracts that would sit well with the VCS.
  2. VCS organisations would have to meet certain standards and accreditations in order to achieve LPS.
  3. LPS would entitle long term arrangements to be agreed with the Council. (5 year arrangements)
  4. That the Council transfer defined services to VCS organisations with LPS
  5. That the Council's regulatory and monitoring role would pass to the HCA.
- LPS would be achieved if a VCS organisation met the following criteria:
    - i) Based in LB Harrow.
    - ii) Proven commitment to Equality and Diversity
    - iii) Proven commitment to the Living Wage.
    - iv) Willing to operate within LBH Council Plan
    - v) Have the appropriate accreditation(s) for the service provided.
  - This LPS approach would see a fundamental change in how the Council structures itself. The Council would need to recreate a new council model with a central core. This would include the Statutory Directors and some core staff with defined skills.
  - HAD also advocate that the best services are delivered by specialist service focused organisations. The evidence nationally is that organisations led by service users also out perform those that are run by the '**Great and the good**' or for profit.

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- We contend that disabled peoples organisations have a particularly strong record on empowering leading to better quality, more responsive cost effective services. The CVS review was silent on this matter.
- The irony is that the Cabinet office, since 2010 has been strong on supporting such organisations.
- We believe that the Council should focus on specialist organisations through the LPS highlighted above with a move to sustainable funding, self regulation and a shift in Council services to such organisations. Again the VCS review was silent on this alternative agenda despite evidence given to it.

### **2.3 Review lacked creativity or partner focused strategy.**

- The review used the language of the market. It was fixated with using competition and the related uncertainty to deliver savings rather than focus on a partnership based approach.
- The Council role of setting the strategic direction for an area would not be diminished.
- The LPS partners would be part of the arrangements to meet strategic political objectives.
- This would replace the competitive based approach currently in vogue. An approach which does not always deliver quality or VFM but does create bureaucratic and costly structures associated with commissioning.

### **2.4 Outcome focused.**

- HAD believes that the review did not address the need to move from output based contracts to outcome focused services.

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- HAD believes the Councils strategic objectives should be met through clear outcome based requirements.

### **2.5 False economies.**

- HAD would contend that the review and the related savings are a false economy that will lead to bigger costs for the Council or the NHS in the longer term.
- They would not help address the Council Leaders objective of tackling inequality. Indeed we would contend the savings would add to inequality, greater poverty and exclusion in the LBH.

### **2.6 Self regulation.**

- HAD believes the Council is fixated with time consuming data collection and monitoring arrangements with the VCS.
- There is no evidence that this is used by the Council or even reviewed.
- Such an approach is bureaucratic and costly.
- HAD wants VCS organisation with LPS to be self regulating.  
This would mean:

- i) Providing Annual Accounts to the Council.
- ii) Producing Annual outcome reports to the Council.
- iii) An annual review meeting.

We believe that the Council should move to a light touch regulation if self regulation to too big a step for the Council.

## **2.7 Cumulative impact of Council Departmental decisions.**

- The review and related funding proposals fail to take account of different Council departmental decisions.
- For example the Estates department has increased service charges at the same time as ASC is cutting SLAs. This creates a double hit in services for vulnerable people.

## **2.8 Service fragmentation.**

- One of the great strengths of the VCS is that it brings together a range of services and expertise.
- The independence and financial practices generally deliver VFM
- The specialism of each organisation allows focus on a defined group of service users.
- The creation of different contracts, three under the Care Act, plus children's contracts, plus health contracts leads to different organisations having different responsibilities which create multiple points of contact for service users or their families and carers.
- HAD believes the Council should recognise the specialist focus of VCS organisations.
- Those VCS organisations that achieve LPS should enter into a partnership arrangement for a range of services that focus on the organisations specialism.
- We would suggest that new service models with the VCS will protect services and ensure jobs are protected both at the Council and in the VCS.

## **2.9 Health focus.**

- The review fails to recognise that many vulnerable service users also have a relationship with health services as well as ASC services.
- HAD would propose that the CCG also support service provision by working with CVS organisations with LPS.
- This would again aid public service integration.

### **2.10 Not co-production.**

- HAD contends that engaging one person, however eminent, to produce a written report and holding a couple of workshops with the structure set by the Council does not count as co-production.
- Whilst HAD welcome the Council commitment to engage; it believes that co-production should be a joint process with a wide ranging remit including looking at how the Council operates or could operate in the future.
- Co-production has to be a partnership of equals able to agree the process of review without restrictions placed upon the co-production process.

### **2.11 Tackling inequality, poverty and exclusion.**

- There is no evidence in the review or the budget proposals that the above is addressed. Rather the evidence suggests these aspirations were not considered.
- As highlighted above the likely impact of the review if implemented is the reverse.

### **2.12 Council costs.**

- There is no evidence from the review that Council costs are reduced. The process seems to have focused on getting the VCS to pick up a share of the budget cuts required.
- HAD argues that a radical creative approach that had empowered the VCS through co-production could have looked at the detailed budgets of the Council and considered better ways of operating.

### **3.0 An alternative Strategic Approach.**

- HAD believes that the Council needs to modernise and transform itself if it is to move beyond the impact of austerity and if it is to manage demand for services.
- HAD is concerned that the Council has embraced the Government agenda of austerity and that this has limited the ability of the Council to be creative and dynamic preferring the certainties of tendering and short term budget cuts to balance the books.
- HAD proposes an alternative strategy for the Council. It should:
  1. Fundamentally restructures itself into a strategic core with VCS partnerships providing a wide range of services.
  2. That ASC services that sit well with the VCS should be transferred on a phased basis to the relevant VCS organisations.
  3. That a new partnership model is embraced based upon the idea of the specialist organisations with LPS.
  4. That the VCS specialisms be recognised as the building block to meeting needs.
  5. The relevant services are provided via the relevant VCS specialist organisation.
  6. The VCS move to self-regulation with a monitoring reporting role for the HCA.
  7. That the VCS who have LPS are expected to operate within the strategy set by the Council Plan.



#### **4.0 Alternative approach for 2017/18.**

- HAD proposes that the Council review be put on hold and that the budget proposals be suspended for 12 months.

#### **5.0 Alternative co-production approach.**

- HAD proposes that a joint Councillor/VCS project board be established to work through options for the fundamental long term restructuring of Council services through a new modern partnership with the VCS.
- We propose that the co-production model be a jointly led and defined process with a remit to look widely at alternatives ways of working.

#### **6.0 Conclusion.**

- This paper has been produced by HAD to help the Council face up to fundamental change.
- It reflects the deep concern HAD has about the Council review of the VCS and the reviews lack of creativity with its focus on short term savings, which we consider will be false economy, rather than creating a sustainable future.
- HAD would be pleased to work with the Council on creating a sustainable future.

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