



OVERVIEW AND SCRUTINY COMMITTEE

REVIEW OF 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW' November 2008

REVIEW GROUP MEMBERSHIP:

Councillor Stanley Sheinwald (Chairman)
Councillor Husain Akhtar
Councillor Nana Asante
Councillor Lurline Champagnie
Councillor Margaret Davine
Councillor Brian Gate
Councillor Thaya Idaikkadar
Councillor Manji Kara
Councillor Eileen Kinnear
Councillor Barry Macleod-Cullinane
Councillor Dinesh Solanki
Councillor Yogesh Teli
Councillor Mark Versallion
Ramji Chauhan, Parent Governor Representative
Mohamed Ali, Iwanaaji Somali Disabled Association
Julie Bellchambers, Harrow Voluntary Youth Workers Forum
Julie Browne, Kids Can Achieve
Mike Coker, Community Link Up
Julia Smith, Harrow Association of Voluntary Service
John Woolf, Woodcraft Folk

CONTENTS

	Page
CHAIRMAN'S INTRODUCTION	3
RECOMMENDATIONS	4
INTRODUCTION	7
REVIEW METHODOLOGIES	12
KEY FINDINGS AND CONCLUSIONS OF THE REVIEW	13
Overarching review findings	13
Case Study 1 – Partnership working	15
Case Study 2 – Harrow Compact	25
Case Study 3 - Funding	32
Case Study 4 – Community assets and premises	51
WHAT OUR VOLUNTARY AND COMMUNITY SECTOR PARTNERS HAVE TOLD US	58
BUILDING OUR RELATIONSHIP FOR THE FUTURE – MODELLING OPTIONS FOR THE FUTURE	62
APPENDICES	68
Appendix A: Recommendations matrix	68
Appendix B: Agreed scope	74
Appendix C: List of review members, participants and witnesses	78
Appendix D: Report drafting history and further information	84

CHAIRMAN'S INTRODUCTION

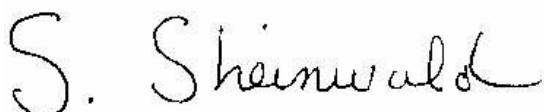
Voluntary and community organisations are active in all parts of our borough, helping people, providing advice, campaigning on behalf of local people and, in many cases, working closely with the Council and other public bodies as part of the Harrow Strategic Partnership.

Over the past few months scrutiny Councillors have been taking a fundamental look at the Council's, and other public bodies', relationship with the sector. This scrutiny review has been the most intensive scrutiny review to date and during the course of it we have engaged with a range of local people and gathered much evidence from a range of local, regional and national witnesses/experts including drawing on best practice. Furthermore, we held a number of consultation events and conferences to make sure that we were heading in the right direction with our voluntary and community sector and giving them the opportunity to reality check our findings and recommendations so that the eventual outcomes from this review are both desired by the sector and there is the willingness to successfully implement them.

Work in our review focused on four case study areas: partnership working, Harrow Compact, funding and community assets and premises. This report details the findings from our review into strengthening relationships with the voluntary and community sector and makes a number of recommendations. We believe that these recommendations will have a real and meaningful impact on the future of their sector's relationship with the Council, and that they do reflect the needs and aspirations of local voluntary groups.

I would like to thank everyone who has been involved in this review. I am indebted to a wide range of witnesses who gave their time and professional expertise to help us in our enquiries. These individuals are listed in the Appendices and I would like to wholeheartedly thank them for their time and willingness to engage with scrutiny. Furthermore I would like to thank my fellow Councillors and voluntary sector colleagues on the review group whose enthusiasm for this review ensured that we were so comprehensive in our evidence gathering and also to the scrutiny officers who helped put our findings into a written report that can be taken forward. An especial mention goes to Myfanwy Barrett (Harrow Council Corporate Director of Finance) and Julia Smith (Chief Executive of Harrow Association of Voluntary Service) who co-sponsored this review and demonstrated partnership working in an everyday sense.

I look forward to our recommendations being taken forward and the Council's relationship with the voluntary and community sector in Harrow being strengthened even further in the years to come.



Councillor Stanley Sheinwald
Chairman, Overview and Scrutiny Committee

RECOMMENDATIONS

We make the following recommendations. The context for these recommendations is detailed within the main body of the report. The expected timescales and organisation(s) responsible for each recommendation is contained in Appendix A (recommendations matrix):

Recommendation 1:

To have a Council-financed funding support officer within the voluntary and community sector (VCS) to support groups in a variety of ways e.g. grant applications, adapting to any changes in the grants process, developing funding strategies, meeting monitoring requirements, procurement processes, community assets. To work closely with the Council's external funding officer.

Recommendation 2:

To have a relationship manager at the Council to act as a signpost for groups in the voluntary and community sector and a support in the event of difficulties in the relationship between any Council service and any VCS group.

Recommendation 3:

To develop a third sector strategy for Harrow that seeks to define the local relationship with the VCS and invests in VCS development in line with partnership priorities. The third sector strategy should also seek to address the recognised gaps in the models developed and proposed by the scrutiny review - Community Trust model (for example gaps in commissioning and premises) and further work on the model of commissioning in the Strategic Relationships model.

Recommendation 4:

To ask VCS representatives on the Harrow Strategic Partnership to feed back more systematically to sector colleagues through regular emails or as updates in existing newsletters.

Recommendation 5:

To recognise the real opportunity to develop volunteering in Harrow where supply of volunteers outstrips demand – investing more resource to build the capacity of the Volunteer Centre Harrow to provide an infrastructure and support to small voluntary groups in recruiting and training volunteers and coordinating skills for day-to-day management of groups.

Recommendation 6:

To advertise the Volunteer Centre Harrow on the Harrow Council website.

Recommendation 7:

To consider outsourcing the management of the 'Harrow Heroes' awards ceremony to the VCS so that it is a peer-led awards scheme, recognising the contribution of groups as well as individuals.

Recommendation 8:

To develop robust governance arrangements for the Compact, to include refreshing the document every two years, promoting the Compact and its way of working, formalising

conflict resolution (providing a framework for stage 1 complaints). To be the responsibility of a new Compact Board of representatives to feed up to the HSP, and therefore not reliant on individuals.

Recommendation 9:

To produce a reader-friendly summary of the new compact document and distribute this to Councillors, officers and colleagues in the voluntary and community sector.

Recommendation 10:

To roll out training on the Compact and what it means to partnership working. To be included in members' training, management/officer training and training within the VCS and other partner organisations within the HSP, to raise awareness and understanding.

a) Agree that Member development for the Grants Advisory Panel be undertaken to increase awareness of the principles of the Harrow Compact and to support Members in developing a fuller understanding of the pressures and challenges faced by the sector. (Please note that part a) of the recommendation was agreed by Cabinet through the interim report).

Recommendation 11:

To rationalise the grant-giving process – to clearly define processes, appeals mechanisms and adherence to these in order to improve consistency and transparency.

Recommendation 12:

To move towards three-year funding commitments through grants so as to encourage stability and more scope for planning ahead within the voluntary and community sector.

Recommendation 13:

To consider a longer-term approach (5-10year funding) for service level agreements awarded to VCS infrastructure organisations.

Recommendation 14:

To agree that the 2009-10 grants round should be conducted in full compliance with the existing criteria and process and in a transparent way.

(Please note that this recommendation was agreed by Cabinet through the interim report.)

Recommendation 15:

For the Grants Advisory Panel to engage with the VCS to consider the criteria for the 2010/11 grants round and take account of the concerns raised through this scrutiny review about the current system. To bring these proposals to a scrutiny challenge panel in preparation for the 2010/11 grants application process.

Recommendation 16:

To ensure that all procurement exercises and available premises are advertised in a regular email/newsletter and that the VCS be on that distribution list. To also raise awareness with the VCS that the Council's webpages for procurement include much help and advice on accessing procurement routes.

Recommendation 17:

To optimise the VCS' access to procurement exercises through thorough and fair assessment of the procurement requirements necessary for each tendering exercise.

Recommendation 18:

To ask the HSP partners to compile a register of their community premises/rooms and develop a protocol for their use by the VCS. To encourage a fairer and more transparent system of community lettings.

Recommendation 19:

To ask the relevant Council directorate(s) (concerned with community lettings especially of schools) to assess the current issues around community lettings (of schools and Council buildings such as the Teachers' Centre and community centres) and offer possible solutions to these. To articulate this assessment and present possible solutions to a scrutiny committee and concurrently feed into scrutiny's review of extended schools.

Recommendation 20:

To task the HSP with creating an environment where creative people can thrive and make best use of community assets. To seek people with a passion for developing social entrepreneurship and social capital.

Recommendation 21:

To establish a Community Trust for the Council's grants administration processes (and if appropriate, those of partners) and carry out further work on how this can best be achieved - the feasibility of a community trust model for grant-giving in Harrow should be fully explored, scoped and costed, using the scrutiny proposal as a basis. To include developing a better understanding of realistic timescales with regard to implementation and the ability to serve future needs of the borough, for example with regard to the Comprehensive Area Assessment, as well as drawing on the experiences of existing Community Trusts and the local authorities who use the Community Trust model.

Recommendation 22:

To conduct a feasibility of the Strategic Relationships Model for commissioning, using the scrutiny proposal as a basis. To include developing a better understanding of realistic timescales with regard to implementation, cultural/organisational shifts required, costs and the ability to serve future needs of the borough.

INTRODUCTION

What is the voluntary and community sector?

Draft statutory guidance for the *Creating Strong, Safe and Prosperous Communities* states:

*"The Government defines the third sector as non-governmental organisations that are value driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals."*¹

Audit Commission research² highlights three groupings within the voluntary and community sector:

- Small, volunteer-only, community-based groups that are providing specific services on a modest scale, primarily under grant funding arrangements. Most of these have neither the capacity nor the desire to compete for service contracts. They may focus more on their advocacy role and on representing user views on service design.
- Small- to medium-sized voluntary organisations that are already delivering, or want to deliver, services; but some find it difficult to compete for contracts because they lack the skills and experience to formulate successful bids.
- Large national or regional voluntary organisations that are already delivering services under contract.

While these three groupings are an over-simplification and do not fully reflect the Harrow picture, these descriptions point to the diversity of the sector and, by extension, the wide range of relationships and types of engagement that can manifest. We have been struck by this complexity and are keen that the outcomes of this review are reflective of the need for a strategic vision and relationship going forward. This strategy must be cognisant of the multi-faceted nature of the sector itself and the numerous relationships the sector will have with partners and the community.

History of the voluntary and community sector (VCS)

It is difficult to ascertain exactly where the voluntary and community sector came from. An analysis³ of its roots is perhaps useful in unpicking its central purpose. The birth of the modern voluntary sector came at around the same time as the birth of modern civic government at a local level, and the growing awareness in Victorian times of the inequalities between rich and poor.

Voluntary organisations at this time could be said to have had two key purposes – philanthropy (by providing social assistance for those not helped by the Poor Law), and campaigning for social improvements. A large number of organisations were established (particularly from the 1870s onwards) to further these aims, which culminated immediately after the Great War with the establishment of the forerunner of the National Council for Voluntary Organisations (NCVO), then called the National Council for Social Service (reflecting that many of the now statutory social services provided locally were then provided by volunteers), which was itself a successor to the National Association of Guilds

¹ DCLG. November 2007. *Creating Strong, Safe and Prosperous Communities Statutory Guidance: Draft for Consultation*

² Audit Commission. July 2007. *Hearts and minds: commissioning from the voluntary sector.*

³ Much of this analysis is taken from the NCVO website.

of Help. The NCSS was established to act as an umbrella organisation for the large number of voluntary philanthropic societies then extant and to eliminate any overlap between their operation. The NCSS itself helped to establish some of the largest national VCS organisations still operating, such as Age Concern.

After the war, the establishment of the welfare state threatened to impinge upon the traditional role of voluntary organisations. The focus changed in the post-war years, with more focus being put on advocacy for a wide variety of disparate, and often vulnerable, groups. Service provision, as such, became a statutory responsibility, reflecting the post-war agenda of most services deemed to be of a social utility being operated by the public sector.

Role of the sector

Nationally

Literature on the role of the sector is widespread, but many tend to share similar views on the point. Since the 1970s, the role of the VCS has changed markedly, with more responsibility for service delivery. Consequently, the VCS's role could now be described as a mixture of advocacy and research, strategic planning and service delivery. Different organisations however meet very different needs within this extremely wide framework.

In the mid 90s, the Deakin Review sought to define the role of the voluntary sector nationally for a ten year period. It is interesting to note that many of the Deakin recommendations were targeted at central government and a key recommendation was the creation of a concordat between government and the VCS. This soon became the national Compact.

In 2002, the Treasury produced a report⁴ on the role of the voluntary sector in service delivery (service delivery being, of course, only one of a number of roles fulfilled by the VCS). Trying to identify the value-added of the VCS, and making reference to the 1978 Wolfenden Report, it stated that:

“Although not always inherently better than other providers VCOs⁵ may yet have a comparative advantage in relation to other sectors in certain kinds of policy environments. VCOs share certain distinctive common features. From this one can construct this argument:

- *there are inherent structural characteristics of organisations in each sector;*
- *these predispose them to respond more or less sensitively to “states of disadvantage” experienced by service users; and*
- *VCOs may have a comparative advantage over agencies in other sectors in some areas of disadvantage because of their particular structures.”*

The conclusion seems somewhat equivocal, but does identify a key point – that structural and organisational differences in the VCS means that it fills a role that other sectors cannot. The NCVO has made a contribution to this debate by suggesting that, although VCOs should see their expanded role optimistically, nonetheless⁶:

“VCOs should take on public service delivery on their own terms, in order to help meet their own objectives: public service delivery is a means to an end for VCOs, it is not the end in itself. This is why VCOs need to be clear in their own mind what it is they are for, and whether taking funding to deliver a public service will add to or detract from their purpose. This is not to argue

⁴ Produced as part of the 2002 spending review.

⁵ VCOs are voluntary and community organisations.

⁶ “The reform of public services: the role of the voluntary sector” NCVO, 2005

that VCOs should not take on public service contracts, but that where they do so they should ask themselves the following questions:

- o Will delivering the service benefit the user?
- o By delivering the service will you be adding value, and if so how?
- o Does it help deliver organisational mission?"

This raises a perhaps important point. It is easy to identify a specific "role" for individual organisations, but doing so for the entire sector is perhaps more difficult. It may be that it is counterproductive to seek to define a role for the sector on a general, national basis. The sector is, in many respects, atomised and highly flexible – it adapts to fill an identified need on an ad hoc basis and is by its nature defined by a lack of central control. This may be why it is possible to identify a role which is defined by what the voluntary sector currently does, in loose terms, but more difficult to set out a vision for where the sector might want to "be" in the future.

Locally

On local levels (not necessarily specific to Harrow's locale) there is a closer relationship now between the VCS and local authorities because of the Compact. Unlike the national situation, it is easier to identify the particular roles of voluntary organisations simply because the geographic scale is smaller. However, there are still tensions between the differing priorities of VCS organisations and local authorities.

The National Association for Voluntary and Community Action (NAVCA) produced in 2007 a briefing, based on research they had conducted, called, "The future role of the local voluntary and community sector". This piece of work examines the local context of the VCS's operations – phenomena such as area based working – and examines how voluntary organisations can play a role. In particular, the report states that⁷,

"There are many ways to identify the needs of service users at different stages of service design and delivery, from strategic planning onwards. VCOs have a number of legitimate roles here as:

- *advocates*
- *advisors*
- *providers."*

Further, it explains:

"VCOs may well have the potential to engage in local decision making, influence and in some cases deliver public services but this is not generally the purpose for which these organisations exist or the impetus for their future development. VCOs emerge out of collective action, the freedom of individuals to associate and respond to the circumstances or environment they find themselves in. [...] The existence of VCOs and the work that they do within and across communities is an important part of the social and cultural fabric of our society. The benefits of this in terms of activity and social capital within communities is tangible. The knock on effect in terms of individual health and well being and community cohesion is significant too. A healthy and active VCS can therefore have significant benefits for society as a whole. Viewing the sector solely through the lens of public service delivery is to miss its wider significance and its role as the 'social glue' which can help to hold communities together."

This last point is particularly pertinent. It is often forgotten in a world which focuses on the VCS only in the context of how it relates to statutory providers of services. In many ways it links into local government's new place-shaping agenda and goes far beyond the areas traditionally thought of as the domain of VCS organisations.

⁷ "The future role of the local voluntary and community sector", NAVCA, 2007, p15

Relationships with the voluntary and community sector

The Local Government White Paper *Strong and Prosperous Communities* states that Government wants the “best local partnership working between local authorities and the third sector to be the rule, not the exception, and for the sector to be placed on a level playing field with mainstream providers when it comes to local service provision.”⁸ It stressed the importance of partnership working between the sectors to deliver the priorities of the Local Strategic Partnership and the Local Area Agreement. This has led to authorities reviewing relationships and practices to ensure that they are fit for purpose.

An important part of the relationship inevitably leans upon funding arrangements. From the point of view of funding, generally speaking the “main determinant of the nature of the financial relationship is the nature of the intended outcomes”.⁹

Current characteristics of the funding environment include:

- An emphasis on funding specific activities delivered by voluntary organisations rather than the organisations themselves
- Growing emphasis on setting of strategic objectives in partnership (for example through the local strategic partnership)
- Funding for a fixed period; it is unusual for funders to commit themselves for a period over three years.¹⁰

Funding – styles and impacts

The *Grantmaking Tango*¹¹ identified three funding styles and it is important to note that funders often adopt a mixture of these approaches, but it is helpful for the funder and recipient to understand which approach is being applied.

Giving

- Funders are entering into a fairly open-ended relationship, expecting the return to the funder in terms of acknowledgement and shared learning but not a great deal more.
- This relationship allows the funded organisation to “chart its own course” and decide how best to use the funds. It has historically been used for community groups, networks and bottom-up activities.
- It is philanthropic and constitutes the majority of activity for a lot of funders.

Shopping

- Specific about the expectations they have of the funded organisations
- Inclined to focus on the achievements of the funded body
- Wish to track the impact of their funds in particular.

Investing

- Funders “focus on the long-term relationship with the funded organisation”.
- This funding relationship is suitable for supporting the long-term future of the sector as a partner. It can help providers develop new services, implement organisational change or a change in policy. It can be coupled with capacity building support.¹²

⁸ DCLG. October 2006. *Strong and prosperous communities – The Local Government White Paper*. Volume II, p. 55, paragraph G2

⁹ HM Treasury. *Improving financial relationships with the third sector: Guidance to funders and purchasers*. (May 2006), p. 18

¹⁰ Unwin, J. p. 5

¹¹ Unwin, J. (2004) *The grantmaking tango: issues for funders*. (The Baring Foundation)

¹² *Revising your funding arrangements* at <http://www.idea.gov.uk/idk/core/page.do?pageId=7640676>

What is funding intended to deliver?

Intent	Requirement	Risk
Keeping good things going <i>Focuses on purchasing a service, undertaking a specific piece of research; less concern with the longer term development of the organisation</i>	<ul style="list-style-type: none"> • Assessment between different organisations • Understanding of evidence base 	<ul style="list-style-type: none"> • Difficult to exit • Challenge to select
Institution building <i>Focuses on strengthening the organisation being funded, building capacity</i>	<ul style="list-style-type: none"> • Systematic approach to measuring impact • Investment in organisational development 	<ul style="list-style-type: none"> • Complexity of voluntary sector organisations • Interface with other funders
Systems change <i>Focuses on the impact that the recipient organisation can make in the wider environment, and not only the value delivered to beneficiaries, for example influencing the development of policy</i>	<ul style="list-style-type: none"> • Investment in knowledge management, research and policy development. • Creation of platforms for influence – publishing, conferences, inquiries. 	<ul style="list-style-type: none"> • Confusion of role between funder and grant recipient

Increasingly, funding to the third sector¹³ is a result of a commissioning process, rather than the more familiar open application process. Organisations in the health and social care field are familiar with this change. Commissioning is the process by which the Council or the partnership decides 'what they want to purchase'.

By commissioning for outcomes, the commissioners specify the outcomes and targets they want to achieve, but leave it up to the voluntary organisations to propose how they will do it. This provides an opportunity for innovation. Strategic commissioning is when the commissioning is done by a high level partnership or as part of a strategic planning process. It sets the framework for the service managers or the commissioners to do the detailed work on the commissioning brief, and the procurement criteria. Government has agreed a set of principles for commissioning practice. It believes this will improve commissioning in general and the experience of the third sector in particular.¹⁴

Local context – Harrow

Harrow's Community Development Strategy 2007-2010 sets out a framework for cross-sector working, recognising the crucial role of the voluntary and community sector as a partner in service delivery. The strategy provides an action plan that seeks to harness and utilise the knowledge, skills and experience of the sector.

One of the early actions identified in this plan is the need for a fundamental review of the way in which the Council supports the voluntary and community sector. By doing this the Council should establish a clear picture of what support is currently provided so that it can go on to develop a clear strategy for the future based on fair, equitable and strategic use of resources across the sector.

This scrutiny review offers us an opportunity to help develop a strategy that guides a new relationship with the VCS. Through the new Local Area Agreement national indicator 'creating an environment for a thriving third sector' we have an opportunity to take a fresh look at that environment and work towards developing one that helps all sectors work together to better meet the needs of the community of Harrow.

¹³ DCLG definition of 'third sector': non-governmental organisations with cultural, social and environmental objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals, and housing associations.

¹⁴ Cabinet Office (Office of the Third Sector). *Partnership in Public Services: An action plan for third sector involvement.* (December 2006), p. 17

REVIEW METHODOLOGIES

Terms of reference

Our aim in this review was to undertake a strategic review of the role the voluntary and community sector plays, with the Council and other partners, in improving the quality of life of Harrow residents. More specific aims and objectives were:

- To define the Council and partners' relationships with the voluntary and community sector, how they stand as is and how they could be shaped going forward
- To evaluate how effectively the Council, partners and the voluntary and community sector work together in achieving key strategic aims for Harrow as set out in the Community Plan and Local Area Agreement
- To evaluate the current Harrow Compact in the light of national policy direction and principles, as well as local circumstances.
- To evaluate the Council's support to the sector and make recommendations for improvement
- To identify blockages to improving and strengthening the relationship with the sector and to make recommendations for improvement

Defining focus of review enquiries

We focused our work under four case study headings, identified as key issues to address in a Harrow context:

1. Partnership working
2. Harrow Compact
3. Funding
4. Community assets and premises

Methodologies employed to conduct review

During the course of this review we have gathered evidence from a wide range of local, regional and national sources and employed a range of methodologies through which to do so:

- Desktop review of literature
- Evidence gathering meetings with witnesses
- Consideration of written evidence
- Visits to other local authorities and organisations identified as best practice
- Roundtable discussion with decision-makers
- Individual interviews
- Briefings on national context and best practice
- Consultation events (conference in July)
- Mapping exercise – survey of all Council services with relationships with VCS groups

Furthermore to translate our findings into recommendations and models of future relationships we have held:

- Workshops to model future relationships
- Conferences (in November) to test recommendations and models with the VCS

A full list of review group activities and witnesses from whom evidence has been gathered is available in Appendix C of this report.

KEY FINDINGS AND CONCLUSIONS OF THE REVIEW

OVERARCHING FINDINGS

Our work has uncovered a wide range of activities that are undertaken by the Council, the PCT and the Police in partnership with the voluntary and community sector (VCS). Many of these have been positive examples of effective joint working, such as the re-design of counselling services by the PCT which drew heavily on the experience of local voluntary sector groups who brought experience of delivering services innovatively. Another positive example was in children's services, where a service level agreement (SLA) with Watford Football Club delivers football for young people at Cedars and the Beacon Centre at a cost to the Council of £15k a year; the football club can access further resources from the Football Foundation (£35k) plus further Government funding from the RESPECT programme. A third example is that of the successful Healthy Living Centre in Wealdstone, a successful local social enterprise, where investment of £5k in a consultant had led to £1m investment in the area, and brought together a wide range of partners as trustees.

The evidence received by our group has highlighted the plethora of interactions taking place between partners across Harrow at many levels, though often uncoordinated overall. It is clear that grant making is only one small part of the relationship and that the emphasis that has been placed on this element in the past is misplaced. This review has provided visibility of the full relationship with the voluntary and community sector and this must be conveyed to all concerned to raise awareness. It is also clear that in future, relationships must operate on a number of levels to encompass the full range of policy making, service design and service delivery, for instance; from the Harrow Strategic Partnership (HSP) at the top to the GP practice on the ground.

We have been struck by the scale and complexity of activity both within each organisation and across the HSP and are keen that the outcomes of the review are reflective of the need for a strategic vision and relationship going forward. This strategy must be cognisant of the multi-faceted nature of the sector itself and the numerous relationships the sector has with partners and the community.

Our overarching conclusions

Our overarching conclusions in addition to those detailed within the case studies that follow are that:

- We should continue to strive for a better understanding of what each sector, and the organisations within them, brings to nurturing the vitality and aspirations of Harrow and its communities.
- There is a need to promote the strengthened relationship between the Council, partners and the VCS more effectively. This can in part be achieved through spreading the learning from this scrutiny review as well as using the new National Indicator 7 (the need to have a 'thriving third sector') as a driver to fine-tune and develop relationships. The Comprehensive Area Agreement provides a real driver to strengthen relationships between the Council and the voluntary and community sector.
- There is significant pressure on the Council and partners to deliver services that are responsive to local needs and to build capacity to assess what those needs are.
- Future models for partnering with the VCS must recognise and respond to these drivers.

- The VSC itself is diverse and has a wide range of differing relationships with the Council and other local partners. Any future models must be cognisant of this diversity and the contribution of the sector to the vitality of Harrow.

During the course of this review we have gathered evidence from a wide range of local, regional and national sources and focused our work under four case study headings:

1. Partnership working
2. Harrow Compact
3. Funding
4. Community assets and premises

Our key findings from each of these case studies as well as the conferences we held with local VCS representatives in July and November are presented in the following pages. The emerging recommendations we would seek to make from these findings sit alongside this. Taking on board these findings, and in looking to strengthen the relationships locally we have developed some models of future working between the Council, partner organisations and the voluntary and community sector.

CASE STUDY 1 – PARTNERSHIP WORKING

There is evidence of a desire among local statutory partners to improve working with the voluntary and community sector locally and recognition of the challenges involved in making this engagement genuine. These challenges relate to:

- Policy context – national drivers for changing the way the locality works, from the Local Area Agreement to the Comprehensive Area Assessment (CAA), to new commissioning models.
- Diversity within the sector – recognising the diversity within the voluntary and community sector and engaging appropriately, whether this be at the strategic level (through the Harrow Strategic Partnership), at management level (for example thematic partnership groups), through consultation mechanisms or through work with individual groups or consortia of groups. This list is by no means exhaustive.
- Community engagement – including, but not limited to the role of the sector as an advocate of service users.
- Needs assessment – identifying local needs and changes in that need. This includes the changing diversity of Harrow's community, and local pockets of deprivation.
- Changing models of service delivery. A practical, and current, example of this is responding to the Healthcare for London (Darzi) proposals. Harrow Primary Care Trust has expressed to us its desire to engage more closely with the sector in areas such as re-designing services and co-locating services.

However, we are of the view that there is further work to be done in making this commitment a reality. We perceive that Harrow Strategic Partners appear to focus on what should be delivered as individual organisations; while this is a fair starting point the partnership has to mature and to overcome the tendency to work in organisational silos. Tensions between the priorities of organisations exist. We note that the Harrow Strategic Partnership (HSP) is in the process of reviewing governance arrangements. Partners need to deliver a common vision for Harrow; the Harrow Strategic Partnership, and the Council as community leader, will be key players in achieving this.

The role of the voluntary and community sector (VCS)

Different organisations, different relationships, different power bases

There are different relationships between different organisations and also between different services within the same organisation. In an ideal world, the Compact would define this however as we have found, there is limited knowledge and understanding of the Compact locally. This is further explored in a subsequent case study.

The power base currently favours the larger statutory bodies however we could see a change, albeit not necessarily a shift, in these power dynamics as the voluntary and community sector's role is enhanced in the Comprehensive Area Assessment and other inspections - those who feed their views into central government and inspectorates have a valuable say.

The voluntary and community sector is a good resource for accessing different communities and engaging through innovative practices. It is the joint responsibility of strategic groups to work with the Council to maximise engagement with the VCS. The VCS has power representing communities, accessing other funding and providing expertise on issues. However it is the Council that has the greater statutory powers and therefore there is a need to exercise this with responsibility so that the right relationship is fostered. The Council will lose its connectivity with residents if it disengages with the VCS.

There are about 1500 voluntary organisations in Harrow (and it should be recognised that the umbrella organisation HAVS only represents about 300 of these groups) and we need to utilise their energy to improve the lives of our residents. The wealth of voluntary and community organisations in Harrow offers statutory bodies a welcomed connectivity to communities and residents.

Respecting boundaries

We have heard the debates around whether blurring the borders between organisations and sectors serves to encourage a 'true partnership'. It seems that this is not necessary – borders do not need to be blurred, but rather a mutual understanding of each organisation's strengths and what they 'bring to the table' needs to be nurtured more widely. Blurring the organisational borders can result in a loss of accountability and is perhaps better left to situations where pooled budgets come into play and thus on a project-by-project basis.

We need defined boundaries and we have heard from our colleagues in the voluntary and community sector that their organisations like being part of the voluntary sector and not a quasi-Council organisation. A phrase that sticks in our minds here is that "good fences make good neighbours".

That is not to say that alliances and partnerships are not to be encouraged. If VCS organisations are encouraged to overlap, a meld of organisations may provide the best combination with the best capacity for real value for money outcomes. Strategic alliances of VCS organisations help build portfolios and capacity and this in turn facilitates long-term sustainability.

Concerted action to change the nature of the relationship locally

We recognise that the larger statutory bodies, especially the Council, make great, sometimes impossible, demands on the voluntary and community sector. There should be, but currently is not, differential monitoring depending upon the level of Council support given to the VCS groups. Furthermore, the disproportionate amount of information requested by the Council is often repetitive. Any joint grants arrangements (for example with the PCT) or through a Community Trust could streamline the request for information with a single application for funding that can be used by a range of bodies across the borough.

There is the anomaly of the absence of different monitoring arrangements for small and large groups. Currently groups receiving grants of £3k and £90k are all monitored in the same way. We recommend that there be a Council-financed funding support officer within the voluntary and community sector to help support groups in the grants/funding processes including meeting the requirements of the monitoring regime. We feel that such a post would pay for itself a number of times over every year and we stress that this post would need to recognise the diversity of needs within the VCS and as such, demonstrate flexibility in meeting these needs, for example, in being available to VCS organisations outside of weekdays 9am-5pm. Further, as a consequence of our findings in this review, there may need to be changes to the grants process in Harrow for the 2010/11 grants round. A funding support officer put in place a year in advance of this could help support groups through any changes. The evidence we have gathered with regard to the grants process is discussed in more detail in the funding case study that follows.

**Scrutiny Recommendation 1:
To have a Council-financed funding support officer within the voluntary and**

community sector (VCS) to support groups in a variety of ways e.g. grant applications, adapting to any changes in the grants process, developing funding strategies, meeting monitoring requirements, procurement processes, community assets. To work closely with the Council's external funding officer.

Working together

So how do Council officers see their relationship with voluntary and community groups? Our mapping exercise suggests that beyond work done by the Community Development Team (CDT), relationships with the VCS are informal and ad hoc in nature. Formal support tends to be driven by the Council's own priorities. This probably reflects the reality that funding for projects and schemes to support the VCS will be driven by what the Council's own aspirations are. Informal support seems by far to be the most common support offered. Most relationships (outside of commissioning and grants processes) seem to be informal in nature, with cross-sector engagement and training being carried out exclusively by the CDT. Other parts of the Council (on the basis of the limited sample taken) do not carry out systematic capacity building within their area. It could be that this is a conscious decision to prevent duplication, although it also seems from the evidence that there is little liaison between different service areas and the CDT to ensure that the Council's intelligence regarding the VCS is passed to the people who need it.

On the basis of the five responses to our mapping exercise, VCS involvement in decision-making seems to be limited to high-level involvement in the Harrow Strategic Partnership (HSP). Whether the sector is involved in the design of services at the tactical and operational level is not easy to make out. On the basis of the evidence received it is likely that the situation is different in different service areas. This is not necessarily a bad thing – different services will require a different kind of relationship between the voluntary and community sector and the Council. The responses of some service areas do tend to support the view that some service areas regard the VCS as important consultees to be spoken to when service decisions are being made. This falls short of what seems to be a growing expectation that VCS organisations should play a more active part in decision-making.

Capacity building within our VCS is vital and the Council must make efforts to support this. Throughout our evidence gathering, it has become evident that there needs to be a clear channel of communication and conduit between the local authority and the different organisations that make up Harrow's voluntary and community sector. We recommend that the role of a 'relationship manager' for the Council who acts as a problem solver for the voluntary and community organisations should be further explored. Such a role would offer VCS groups a signpost for contact into the Council. We note that Harrow Council's Chief Executive has asked the Service Manager for Policy and Partnerships to fulfil this role in the interim. The benefits of having a named individual to work positively with the voluntary and community sector and to facilitate liaison with local communities would be immense and it would help counter the image of the Council as the 'big bad ogre'. There needs to be mutual understanding from the Council and the relationship manager could be the signposter/bridge with the sector to develop such an understanding. This would be to supplement and complement existing relationships between VCS groups and Council directorates and services.

**Scrutiny Recommendation 2:
To have a relationship manager at the Council to act as a signpost for groups in the voluntary and community sector and a support in the event of difficulties in the relationship between any Council service and any VCS group.**

*Development of a third sector strategy*¹⁵

The development of a third sector strategy can help define a Council's approach to VCS involvement – building relationships and laying the foundations for future working together. Developing a third sector strategy presents the opportunity to formulate a vision for relationships and identify the building blocks needed to reach this vision. We also regard it as vital to enabling changes in the relationship, for example those envisaged in the models of future working that we propose later in this report.

We very much see this scrutiny review and the progress it has made in getting key public sector and VCS players around the table to discuss local issues, as a positive step in the journey to developing a vision for the relationship between the Council and the VCS. This review is by no means a standalone project but one whose dialogue, findings and recommendations should be seen as a first step to developing strengthened relationships – the main vehicle for which we see as the development of a third sector strategy. This review is an important part of the journey to a shared vision and strengthened relationships.

It is important that such a third sector strategy is developed together by the Council and VCS so as to address the concerns and issues from both sectors and mutually identify a way forward. This should reflect the way of working identified in the Compact and align with a needs analysis of the borough, for example the Joint Strategic Needs Assessment which looks at health and social care needs of Harrow's residents.

This is particularly pertinent given the forthcoming Comprehensive Area Assessment regime where the focus will be less on the service delivery of individual organisations and more on the outcomes of this delivery for the local area. A multi-agency approach will be critical to success and indeed having a 'thriving third sector' is key to the Comprehensive Area Assessment (indicator NI7). A third sector strategy can help make these aspirations a more concrete reality.

Scrutiny Recommendation 3:

To develop a third sector strategy for Harrow that seeks to define the local relationship with the VCS and invests in VCS development in line with partnership priorities. The third sector strategy should also seek to address the recognised gaps in the models developed and proposed by the scrutiny review - Community Trust model (for example gaps in commissioning and premises) and further work on the model of commissioning in the Strategic Relationships model.

Presently the private sector has very little to do with the voluntary sector and the third sector strategy would be an opportunity to engage the private sector. The experience from Tower Hamlets was one where the third sector was used as a conduit of going from public to private sector service delivery.

¹⁵ The term 'third sector' is that used by central government in relation to the voluntary and community sector. Whilst recognising that this terminology does not always sit comfortably with those in the sector, for the purposes of this report the terms 'third sector' and 'voluntary and community sector' are used interchangeably.

Relationships between sectors – a focus on the Harrow Strategic Partnership (HSP)

Equal partners

We have heard from our partner organisations how it is important that the HSP is seen as something on its own right, not just another part of the Council. The HSP needs to make partnership decisions that everybody sticks to – this needs good governance underpinning it but also needs to reflect its members' priorities. Ultimately if someone understands what the HSP thinks they should then understand what each partner thinks, however this may not have always been achieved in the past. It is incumbent on each of the partners to follow the partnership priorities so that each organisation is clear on how it links to the HSP.

The HSP has been reported to be effective in voluntary and other sectors in engaging with the Council, however partners have noted to us a tension that remains. There is the impression that the HSP still operates a hub and spoke model - people still report into the centre (the Council) but not yet effectively around the wheel i.e. approaching the PCT, the voluntary and community sector or the police directly. This contributes to partners feeling like they are playing to the local authority agenda and responding to local authority statutory requirements rather than contributing to a genuine partnership relationship.

Using the expertise out there

It has been mentioned to us that we need to open the communication channel between the grass roots and the partners. There appears to be a top down hierarchy and partners do not listen enough to the grass roots community. Even where the expertise is known to be within the voluntary and community sector, the sector is still sometimes bypassed. One example of this can be demonstrated in the local authority's previous reluctance to engage with the business community in joining the NNDR to Harrow in Business meetings. Although initially refusing to allow HiB to facilitate the meeting, when the Council's own attempts were unsuccessful it approached HiB to provide this in January 2008. This could have been avoided had the Council taken on board HiB's suggestions in the first place.

Conflicting priorities of partners

Partnership problems are inevitable and have been described to us as "like trying to solve a rubix cube with one hand behind their back" - statutory bodies are already tied to mandatory requirements and these are often in conflict with each other and with local priorities. While the partnership can come together and agree priorities, regional/national bodies can often require the opposite of them. It is difficult to achieve partnership targets if these are contradictory to individual organisations' targets or those set by outside bodies.

The strength of the borough lies in working to the same end. The HSP is a good opportunity for people to listen and to level the playing field, and feed back through measuring bodies like the Audit Commission the difficulties they face for example meeting two sets of priorities that are often in conflict. In searching for solutions on how the HSP can resolve these conflicted priorities, this must be through working together, the first step being knowledge from which to identify common goals and linkages.

The long-term HSP agenda

The HSP's immediate agenda can be viewed as delivering the Local Area Agreement and the longer-term target of delivering the sustainable community strategy (SCS), which is currently being refreshed and will set a meaningful vision for the borough to 2020. The refresh process is culminating in January 2009 and all organisations in the borough can

sign up to it so they should be more involved in setting the vision. It has proven difficult in the past to raise the profile of a partnership vision - but the question remains whether what really matters to people is the delivery of joined up services rather than the behind-the-scenes improving of relationships between the sectors that deliver these services.

Accountability and challenge

The governance arrangements for the HSP are changing and as a result the HSP should be more dynamic than it has been in the past. However concerns still remain that it will continue to be difficult to balance - those with big budgets will continue to be more powerful in terms of resources they can bring to the table.

Presently, external interest and audit of the PCT is increasingly concerned with partnership groups and measuring how well the PCT succeeds in delivering this. There is still the concern that the HSP's management groups do not fully feed into the PCT's own reference groups - the older persons and mental health partnership groups are still not aligned with the management groups or their equivalent groups. Some of the management groups are still not clear on their remits however the message must be given to them that they must coordinate with and complement the work of the HSP.

From our discussions with partners, it is clear that there remains a need for the HSP Board to ask difficult questions in order to hold partners and management groups to account. There is a sense currently that this does not function well and that management groups run by Council or PCT officers, for example, are sometimes somewhat protected from searching questions by their Chief Executives so as to protect officers and organisations' image. A wider board will be welcomed and more community focused. A more mature approach is needed whereby organisations and individuals feel comfortable to criticise and challenges themselves as well as those in other sectors.

The governance states that all partners in the HSP are equal and should be treated equally and there is a general feeling among partners that it has been much better to be part of the HSP than not part of it. There is more scope for a more regular and systematic approach to VCS representatives on the HSP to feed back deliberations and outcomes to the wider sector at large. We understand that the VCS Forum has taken on this challenge.

Scrutiny Recommendation 4:

To ask VCS representatives on the Harrow Strategic Partnership to feed back more systematically to sector colleagues through regular emails or as updates in existing newsletters.

Volunteering

Volunteers are the life-blood of a thriving community. It is estimated that for every £1 invested in volunteering £17 worth of activity is achieved in return¹⁶. Volunteering can be seen fostering local civic pride as well as progressing a sense of citizenship.

Harrow has a Volunteer Centre and a coordinator post funded through HAVS, whose role it is to create opportunities for people to volunteer, manage that for organisations, and also carry out policy work for them.

¹⁶ Written evidence received from Harrow Council's Community Development Team.

This autumn the Council has launched its own pilot employee-volunteering scheme - 'One-4-One'. If successful, the plan is to roll out the scheme across partners and local businesses in 2009/10. This scheme is fully endorsed by the Council's Chief Executive and has already attracted interest from the PCT and Police.

Marketing volunteering to organisations in Harrow

The number of people interested in volunteering in Harrow outweighs the number of volunteering places available. There is a local bottleneck in that supply (of volunteers) outstrips the demand for them (from organisations).

The Volunteer Centre Harrow sees a large interest from young people and this can in part be attributed to the big emphasis on volunteering from universities, and the benefit of reporting volunteering on UCAS forms. Furthermore the Volunteer Centre Harrow receives many applications through their 'Do It' website - about 100 enquiries a week. There are also the more 'invisible' volunteers and those who do not come through the Volunteer Centre Harrow – many older volunteers tend to identify their own charities or projects to work for and perhaps approach these through people they know who are already involved.

We have heard that nationally as well as locally there is the need to 'market' volunteering so that the roles available match the requests for places. In Harrow it is still difficult to do this with smaller organisations as they are often all volunteers themselves and are unable to recruit and support volunteers alongside trying to manage other commitments.

Although Harrow is fortunate to have a massive volunteer community, the majority of VCS groups do not have the funds to formally coordinate their volunteer activities. This seems a wasted opportunity to harness the local enthusiasm out in our communities.

Building the local infrastructure to support volunteering

It has been raised with us that if the Council receives its reward allocation for the LAA stretched targets (about £540k) that this goes to the VCS to support volunteering. We welcome this and note that this contribute towards any development of a community trust for Harrow as discussed in a subsequent section.

More immediately there are a number of areas through which the Council and indeed other partners could facilitate the local efforts around volunteering. One example would be to broker activities from the private sector or their own staff volunteers (through the One-4-One scheme) to offer voluntary and community groups assistance on management or day-to-day issues such as HR, IT, legal advice or in securing premise. A wider role would be to organise centrally and possibly 'outsource' this function alongside support for groups in inducting and training volunteers before they arrive at the groups. Such a pan-sector investment would be attractive to voluntary and community groups who do not have the capacity to do this themselves and in turn free up more volunteering places locally. It would demonstrate a strategic approach, raise groups' confidence in volunteers and relieve some of the pressure on Harrow's one volunteer coordinator at the Volunteer Centre Harrow. It is suggested that this could be accomplished by supplementing the current resources at the Volunteer Centre Harrow.

We also recommend that the work of the Volunteer Centre Harrow is publicised on the Council's website in order to raise its profile as well as the profile of volunteering more generally.

Scrutiny Recommendations 5 and 6:

To recognise the real opportunity to develop volunteering in Harrow where supply of volunteers outstrips demand – investing more resource to build the capacity of the Volunteer Centre Harrow to provide a infrastructure and support to small voluntary groups in recruiting and training volunteers and coordinating skills for day-to-day management of groups.

To advertise the Volunteer Centre Harrow on the Harrow Council website.

Another invest to save venture and one that we are pleased to hear is in train is that of developing a community directory database. This has been requested for by the sector for many years. HAVS has recently been given £7k start up funding to develop and maintain a community database. The service level agreement with HAVS allows HAVS to hold and update the database and for the Council to use the addresses for mailouts.

Recognising our volunteers

In 2007 the Community Cohesion Management Group (CCMG)¹⁷, a sub-group of the HSP, commissioned a 'mapping report' into volunteering in Harrow. The report was undertaken by a partnership of three local VCS organisations - HAVS, HASVO and The African SANG - and made a number of recommendations, all of which are yet to be fully implemented.

The CCMG has addressed some of these recommendations including the development of a successful volunteer awards scheme. Launched in January 2008, with an awards ceremony in May 2008, the scheme attracted over 100 nominations across seven volunteering categories. The event attracted a lot of interest across all sectors including the Harrow Observer helping raise the profile of volunteering by running a weekly feature in the run up to the event, and a local Rotary club who offered sponsorship for the event. We have a thriving volunteering community in Harrow which is often not as recognised as it could be and the 'Harrow Heroes' award ceremony was goes some way to address this, giving recognition to the huge amount of our services that are run by volunteers, and supporting volunteering as a worthwhile and rewarding thing to do. We are disappointed however that not all groups within the VCS were invited to be involved in the Harrow Heroes campaign and hope this is rectified in future ongoing campaigns. To this end we would suggest that 'Harrow Heroes' is better run by the VCS for the VCS in a more peer-led approach.

Scrutiny Recommendation 7:

To consider outsourcing the management of the 'Harrow Heroes' awards ceremony to the VCS so that it is a peer-led awards scheme, recognising the contribution of groups as well as individuals.

Spotlight on good practice – our visit to Merton Council

Merton - Developing a third sector strategy

Merton Council has been recognised as demonstrating good practice where work between the Council and the voluntary and community sector is concerned and therefore we visited Merton Council to draw on their experiences. Merton's approach to voluntary sector

¹⁷ 'Mapping of Volunteering in Harrow: A view of volunteering in Harrow from an individual and organisational perspective', HASVO, HAVS and the African SANG, Autumn 2007.

involvement is defined by their Third Sector Strategy¹⁸, which was agreed in June 2008. The strategy is still in its early days and arises from an acknowledgment that engagement with the third sector/VCS was disjointed and that a “step change” was necessary. Matters came to a head as the result of a funding decision made by the Council which caused significant local upset. The strategy sets out, in detail, a simplified grants and commissioning process, along with a new governance framework to define the relationship with the VCS, through the Compact.

The development of the Strategy was one of a small number of “Effective Merton” projects that are delivered every year. The development of the strategy was, effectively, 8 months of relationship building, and the construction of a detailed evidence base for future decisions. Support from the portfolio holder and the local VCS was crucial – particularly in convincing the sector that changes being suggested were not necessarily related to finances (cuts) but rather efficiencies – a starting point for an ongoing process of engagement.

Merton’s experience found the National Audit Office’s development funding guidelines to prove as particularly useful in that NI 7 sets targets for having a “thriving third sector” – preparing for this has caused some problems, particularly relating to the definition. Some groups are uncomfortable with the term “third sector”, and uncomfortable with the idea that the sector is being encouraged to behave more like private enterprise. Any development of a third sector strategy in Harrow would do well to consider this.

It is interesting to note that in many local and community examples, success with developing and understanding the role of the voluntary sector in its varying multiplicities relies upon mainstreaming the VCS within Council business – through LAAs, and through normal Council business.

Emerging recommendations

To recap our recommendations from this case study on partnership working:

- To have a Council-financed funding support officer within the voluntary and community sector (VCS) to support groups in a variety of ways e.g. grant applications, adapting to any changes in the grants process, developing funding strategies, meeting monitoring requirements, procurement processes, community assets. To work closely with the Council’s external funding officer.
- To have a relationship manager at the Council to act as a signpost for groups in the voluntary and community sector and a support in the event of difficulties in the relationship between any Council service and any VCS group.
- To develop a third sector strategy for Harrow that seeks to define the local relationship with the VCS and invests in VCS development in line with partnership priorities. The third sector strategy should also seek to address the recognised gaps in the models developed and proposed by the scrutiny review - Community Trust model (for example gaps in commissioning and premises) and further work on the model of commissioning in the Strategic Relationships model.
- To ask VCS representatives on the Harrow Strategic Partnership to feed back more systematically to sector colleagues through regular emails or as updates in existing newsletters.
- To recognise the real opportunity to develop volunteering in Harrow where supply of volunteers outstrips demand – investing more resource to build the capacity of the

¹⁸ See www.merton.gov.uk/thirdsectorstrategy

Volunteer Centre Harrow to provide an infrastructure and support to small voluntary groups in recruiting and training volunteers and coordinating skills for day-to-day management of groups.

- To advertise the Volunteer Centre Harrow on the Harrow Council website.
- To consider outsourcing the management of the 'Harrow Heroes' awards ceremony to the VCS so that it is a peer-led awards scheme, recognising the contribution of groups as well as individuals.

CASE STUDY 2 – HARROW COMPACT

National compact

The idea of a Compact defining the relationship between the various different agencies operating in a local area derives from the need to rationalise organisations which often have different objectives and/or priorities. In relation to the voluntary and community sector (VCS) this is perhaps particularly important – and difficult. The concept behind the national Compact is that a mature and robust relationship between the voluntary sector and government is crucial to the delivery of public services in the UK. The Deakin Commission made recommendations in 1996 which supported the introduction of the Compact soon thereafter,

The Compact is meant – certainly, in a national context – to provide a framework for further discussions, rather than to present a holistic and detailed view of how the relationship between government and the VCS should progress in the future. This is reflected in the fact that it is not legally binding.

The Harrow Compact

The Harrow Compact is an important example of partnership working in the borough; clarification of partnership working in the borough should therefore be reflected in the future development of the Compact. The Compact itself was originally developed in 2004, and signed off in January 2005. Defining the relationship, in Harrow, between the VCS and the Council, it sets out some broad principles backed up by a series of codes which define conduct in a determined set of area.

As with the national Compact, the Compact locally is intended to set out the core agreement or key principles to govern the relationship between the Council and the VCS. The intention of the Compact is that decisions which are made by the Council, and by the VCS, conform to these principles, and to ensure that priorities that are set conform to the need for each party to deliver the undertakings that it has set out.

The overarching Compact document defines the purpose and principles of the Compact as follows:

[T]he Compact recognizes that even more can be achieved through closer partnership working. The main aims of the Harrow Compact are to build on existing partnerships and develop the relationship between the sectors through mutual respect and trust so that they can together provide more effective services to local people and communities within the borough.

[...]

The aims of this Compact are to improve the quality of life and to deliver better coordinated services to the people of Harrow by contributing to better partnership working with Harrow through

- *Having shared values and outcomes, e.g. a borough that is safer, cleaner, healthier and more prosperous, with equal life opportunities for all*
- *Agreeing a framework for effective consultation and community involvement and partnership working to achieve shared values and outcomes*
- *Improving communication and developing common understanding between the different sectors*

The Compact sets out a set of “shared principles” to define the relationship between the Council and the VCS. These principles underpin the codes. Broadly speaking, they affirm the importance of the VCS, the necessity of working together, the requirements of honesty and transparency, the necessity of organisations to have their own priorities (for some bodies, the delivery of statutory functions), an inclusive approach and the importance of

sustainability. It should be noted that the shared principles, and the Codes, derive in a large part from the best practice guidance on Compacts issued by central government through their National Compact scheme.

While the VCS has equal representation on the Harrow Strategic Partnership and is able to put forward a strong voice for the sector, concern has been expressed that there have been examples of a lack of respect and understanding of the role of the sector in the way in which concerns raised have been responded to. Even where there has been equal partnership, this equal consideration is not always reflected at other levels. These concerns point to the wider issue of partner accountability and the holding to account of fellow partners for delivering on promised actions. There is an opportunity for scrutiny to act as a check and balance on the work of the partnership in ensuring that partners are held to account in delivering against plans and priorities under the new powers set out in the Local Government and Public Involvement in Health Act 2007.

The Codes

There are a number of Codes, supplementing the main Compact itself. Four of the Codes are currently in the process of being revised and are being consulted on. Another, on funding, will not be addressed until this scrutiny review reports. The Codes are:

I. Volunteering (being revised)

The Code identifies its broad aims as encouraging and promoting the role of volunteers in Harrow, and expanding upon this role, raising its profile in the local community. Several benefits of volunteering are laid out.

II. BME (being revised)

The aims are stated to be to encourage community cohesion, to work in partnership with asylum seekers and refugee communities, to promote networks of organisations to plan and provide better services, and more awareness, of issues affecting refugees, to promote networks of such organisations to help them plan and provide better services to BME groups, to map existing groups, to eliminate racial discrimination and promote good relations.

III. Disability (being revised)

The aims and objectives for the disability code are based on empowerment, based both on the standard Disability Discrimination Act definition of "disability" and on the "best practice" approach to disability, which focuses on the "environmental, social and attitudinal" barriers which prevent disabled people from participating in wider society. Consequently the principles tend to emphasise accessibility and inclusiveness, as well as a set of values about responding and adapting to disabled people's needs.

IV. Consultation (being revised)

The code on consultation sets out a series of aims and objectives accompanied by a set of actions for each sector. However, these actions are not project-specific and once again refer to general principles for future conduct. Actions tend to relate to process – engaging the right people at the right time, in the right way (accessibility of consultation material) and providing feedback, as well as the need for sensitivity in terms of resource implications for the VCS in responding to consultations. Broader actions include a presumption in favour of consultation (although what level of service change necessitates consultation is not clear) and co-ordination of consultation across the statutory sector to reduce duplication and repetition.

V. Funding

The funding code has not been revised, as the Council has resolved to wait until this review reports to make any necessary changes. This code is rather longer and more detailed than the others. Again, some aims and objectives are set out, notably the establishment of a framework for the financial relationship between the voluntary and statutory sectors. Managing expectations is perceived of as crucial, as is ensuring an “active and impartial role” for both sectors in the grants process, although what this means in practice is not explained. Long-term financial stability in the sector is also an aim. The code defines the differences between “small grants”, grants, SLAs and community lettings, and references bodies such as the Grants Advisory Panel, and the Council’s procurement process. The “values and principles” which all parties undertake to follow are derived in total from the National Compact Guidelines.

It is clear that much of the value of Compact negotiations is getting everyone party to it to understand the implications of the Compact and that the organisations have mutually recognised the importance and interdependence of the two sectors. The learning is the journey, but this lasts only as long as the people in the voluntary and community sector writing the Compact remain in the area. Theoretically a Compact should serve to define local relationships and enhance a mutual understanding. However there is limited and patchy knowledge of the Compact locally, partly due to individuals who developed the original Compact moving on, out of the borough and/or sectors and as a consequence the knowledge and understanding has dissipated.

Dispute resolution

Locally there have been few Compact disputes which in fact are seen positively – as evidence that partners are learning from experience and are willing to address issues. The fact that the Compact has been used to raise concerns about Council conduct highlights that it is a live document that is being used as part of usual business. The few Compact disputes that there have been related to the Council and the sector. One, on the Wiseworks consultation was inconclusive. A second, on decision making at the Grants Advisory Panel was largely upheld. Disputes should not be treated negatively, however, there needs to be a strengthening of the disputes and mediation process to ensure that this is effective; this should not be so reliant on individual officers. Clearer governance arrangements for the Compact would alleviate some of these pressures.

Scrutiny Recommendation 8:

To develop robust governance arrangements for the Compact, to include refreshing the document every two years, promoting the Compact and its way of working, formalising conflict resolution (providing a framework for stage 1 complaints). To be the responsibility of a new Compact Board of representatives to feed up to the HSP, and therefore not reliant on individuals.

There are plans to invite another London Borough Compact to look at Harrow’s Compact disputes and in turn Harrow would reciprocate. This would encourage a degree of independence however it would require HSP agreement as well as interest from another borough. Nationally, there is a mediation process available and this may reflect that other authorities do not know each other as well as within the London Boroughs where there are closer working relationships and so often the need for mediation is averted. Harrow may not need mediation, but external involvement would be welcomed.

Refreshing the compact

The Harrow Compact is currently in the process of being refreshed and this should offer the opportunity to clarify understanding and awareness of the Compact locally. The refreshed document is currently out for consultation, inviting comments from VCS representatives. The Compact is an important agreement in terms of how the Council, and in fact the Harrow Strategic Partnership, works with the voluntary sector. Evidence from Compact Voice has highlighted the importance of a Compact 'way of working'. Achieving this will be reliant on refreshing the current Compact and refreshing the commitment of all HSP partners to its success. Evidence from Croydon Council¹⁹ highlighted that implementing the Compact does not have to be about additional bureaucratic processes but should be around identifying joint goals that are then delivered.

Harrow is currently refreshing its Compact on four of the five codes. The fifth code, on funding, will be revised pending the findings and recommendations from this scrutiny review. The refresh should provide opportunities to clarify understanding and awareness of the Compact locally, as well as to establish and formalise a problem resolution procedure for the Compact.

Raising awareness of the compact locally

Evidence that we have received suggests that there is patchy knowledge across Council directorates. There is scope for the Compact to be better communicated and embedded throughout the Council and partnership.

Training should help raise awareness, as should the local activities run during National Compact Week. HAVS was commissioned to run a series of awareness-building events during National Compact Week (1 to 8 November 2008) to spread the word among voluntary and community sector groups. These social events demonstrated the importance and practical implementation of the Compact, highlighting how it can be used locally.

As part of its member development programme, Harrow has commissioned grants panel training to be delivered in January 2009 to coincide with preparations for the next grants round. This will be jointly delivered by HAVS and the Council.

Following the refresh, the local Compact will be re-launched and the opportunity will be taken to include it within member development programmes and also manager/officer induction programmes. We recommend that a reader-friendly summary of the Compact's key points is produced and used to spread more widely knowledge of the Compact and its principles.

In our interim report²⁰, which encapsulates our findings from Stage 1 of this review, one immediate and urgent recommendation identified for Cabinet was:

- Agree that Member development for the Grants Advisory Panel be undertaken to increase awareness of the principles of the Harrow Compact and to support Members in developing a fuller understanding of the pressures and challenges faced by the sector.

¹⁹ Croydon was granted Beacon status for Increasing Voluntary and Community Sector Service Delivery (Round 8), 2007-08

²⁰ See Harrow Cabinet papers for 17 July 2008 meeting:

<http://www2.harrow.gov.uk/ieListDocuments.aspx?CId=249&MId=4134&Ver=4&J=2>

Scrutiny Recommendations 9 and 10:

To produce a reader-friendly summary of the new compact document and distribute this to Councillors, officers and colleagues in the voluntary and community sector.

To roll out training on the Compact and what it means to partnership working. To be included in members' training, management/officer training and training within the VCS and other partner organisations within the HSP, to raise awareness and understanding.

a) Agree that Member development for the Grants Advisory Panel be undertaken to increase awareness of the principles of the Harrow Compact and to support Members in developing a fuller understanding of the pressures and challenges faced by the sector. (Please note that this part of the recommendation was agreed by Cabinet through the interim report).

In discussing how to raise general awareness of the Compact and conveying its key points into bite-size pieces to enhance understanding of the Compact, we were drawn to issues of translation.

The Council's Comprehensive Equality Scheme (CES), adopted in October 2007, includes the aspiration for the Council to cease offering automatic translations of documents. This is in line with the findings of the Commission on Integration and Cohesion²¹. As such the CES envisages that VCS groups that represent different communities within Harrow could undertake community translation. Subject to consultation, it is intended that this could be reflected in grants conditions of such groups – that if groups take grant money and represent a community with a language gap, they will give translations to its communities which would help to embed the community group concerned. We are encouraged by the aspiration stated in our CES as a way forward for communities accessing key documents by the Council and other bodies.

Best practice

Some examples exist of how authorities have engaged with the local VCS to develop agreed roles and responsibilities. Inevitably a lot of this work involves a clear, simple and effectively managed local Compact.

Dorset County Council was the first county to develop a Compact, in 1999. It is currently being refreshed.

London Borough of Tower Hamlets has received Beacon status for "getting closer to communities" (2005/06) and "community cohesion" (2003/04). A close relationship with and understanding of the voluntary sector was crucial for this. In 2005 Tower Hamlets developed its Third Sector Compact, which sets out clearly the unique role and responsibilities of VCOs and identifies how the Council will set out to work in partnership to build capacity in certain vital areas. The Compact aims to support the partnership's key aim of involving the VCS more both in local decision-making and in the provision of

²¹ Findings of the Commission on Integration and Cohesion included that: "English is both an important part of our shared heritage, and a key access factor for new communities to the labour market and wider society. It binds us together as a single group in a way that a multiplicity of community languages cannot – hence our proposal that translation into those community language should not always be the first approach."

services (commissioning). This has meant a more profound understanding of the voluntary sector at all levels of the authority.

Camden has a large and active voluntary sector, and consequently has found it necessary to develop a clear understanding of how this VCS contributes to the local area. The Compact provides a useful description of the role of the voluntary sector²²:

Although member organisations share the overarching purpose of the Compact there are, nevertheless, major differences between them in their resources and ways of operating in addressing this. For instance, public sector groups are statutory bodies ultimately responsible to the general public. They generally have a wide remit and statutory obligations and have access to very significant financial resources. They have relatively large numbers of paid staff. In contrast, voluntary and community organisations often operate to a very specific remit, typically have few financial resources and fewer assets, are answerable to trustees, donors and charity law, and often have few paid staff. Many rely hugely on the passion and energy of volunteers and must respect and nurture that. However, both groups do deliver services to users of one type or another and both accept the importance of empowering users by, for instance, seeking to involve them in the governance of activities and services and representing their views fairly.

A lot of the focus of this description tends to rest on capacity issues. This flags up what seems to be a gap between, on the one hand, what VCS organisations set out to try to achieve, and on the other, their ability to do this. Camden (and other authorities) have indicated that if local government, and other partners, is prepared to accept a role for the VCS which goes beyond advocacy and will mean more in the way of service delivery in the future, they must be prepared to carry out meaningful work to increase that capacity to allow the VCOs' roles to be effectively delivered.

Merton has won national commendations for their Compact processes. It is designed to allow it to include, in future, other statutory bodies – the PCT is already an additional third signatory. It was established as a standalone project initially, without any codes, with which it was supplemented later. It was developed as the result of a wide-ranging consultation exercise which was carried out with a view to ensuring that the Compact could deliver tangible results in its first year, and in subsequent years. Specifically, the Compact was embedded within Merton's strategic objectives, presumably ensuring that Merton's corporate goals reflected those of the Compact rather than the other way round. Consequently the development of policies such as the Community Plan was made much more straightforward, given the fact that the VCS and other bodies were already "signed up" to the core principles. Partners met regularly, nominating Champions to disseminate information to specific sectors, thus reporting achievements regularly and ensuring that all partners were committed.

Lessons to be drawn

Best practice evidence and the national guidance present some common themes:

- It is actually difficult to draw specific lessons about specific measures that have, or have not, worked in any given context. Consequently, trying to think of "off the peg" solutions is difficult.
- The Compact can only ever be a starting point. Leading on from this, it is a document designed to provide a framework for future discussion and dialogue. It is not an inflexible protocol. This is why successful areas view it as a document to be used, rather than complied with. It is difficult to reconcile the requirement for a high-level document setting out broad aims with the necessity for detail and certainty, and agreement about the achievement of specific actions. Of course, this is a challenge familiar to policymaking more generally.

²² Compact for Camden, p5

- However, Compact priorities should be reflected in the plans and priorities of the signatory partners. This allows joint projects to be carried out, because the Compact will reflect these individual organisational priorities.
- Because it is a starting point, the Compact is in reality the foundation of a fundamentally different way of working for local areas. Those areas whose Compacts have been particularly successful and robust are typified by local authorities, statutory partners and voluntary organisations who are individually and jointly prepared to take organisational risks to deliver local improvements that, without the Compact, would not be possible.
- Consequently, ways of working within partner organisations, as well as the approach to what may hitherto have been regarded as “external” engagement, has to change significantly as the result of the Compact. The most successful organisations have come to realise that the Compact is not about redefining external relationships, but about reassessing internal attitudes, processes and policies to meet the needs of the “area” rather than the “Council”.

Emerging recommendations

To recap our recommendations from this case study on the Harrow Compact:

- To develop robust governance arrangements for the Compact, to include refreshing the document every two years, promoting the Compact and its way of working, formalising conflict resolution (providing a framework for stage 1 complaints). To be the responsibility of a new Compact Board of representatives to feed up to the HSP, and therefore not reliant on individuals.
- To produce a reader-friendly summary of the new compact document and distribute this to Councillors, officers and colleagues in the voluntary and community sector.
- To roll out training on the Compact and what it means to partnership working. To be included in members’ training, management/officer training and training within the VCS and other partner organisations within the HSP, to raise awareness and understanding.
 - a) Agree that Member development for the Grants Advisory Panel be undertaken to increase awareness of the principles of the Harrow Compact and to support Members in developing a fuller understanding of the pressures and challenges faced by the sector. (Please note that this part of the recommendation was agreed by Cabinet through the interim report).

CASE STUDY 3 – FUNDING

Harrow's grants process has attracted a great deal of attention recently and a great strength of feeling from Councillors, officers and voluntary and community sector colleagues alike in the evidence gathering sessions we have held. We are however aware that grants is only one element of the relationship with the sector and in any case only a small element of the financial arrangements between the two sectors.

The grants process in Harrow

Addressing concerns about the current grants process

It is clear from officer feedback and from feedback at our own scrutiny consultation conference²³ with voluntary and community groups in Harrow that the local VCS has lost confidence and trust in our current grants arrangements. This needs to be addressed as a matter of urgency as it harms both the Council's relationship with the voluntary and community sector and damages its reputation as a public body.

From the evidence received, there has been a general consensus from officers and members that the current panel-led process has major difficulties. While there are a number of theoretical advantages of a panel-led process such as transparency and public visibility, a range of concerns have been raised about the current panel-led approach to grants:

- a. Lack of clarity about what the process is actually for
- b. Lack of priorities in awarding grants
- c. Concerns about the transparency of the process
- d. Concerns about the appropriateness of criteria
- e. Lack of effective appeals process
- f. Links with other commissioning processes are weak
- g. Management of information in this area is weak
- h. Short-termism of the grants process
- i. The timeliness of the process
- j. The application process
- k. The need to strengthen monitoring arrangements
- l. Grant awards do not match the amounts bid for

These are explored in more detail below, and wherever appropriate we have attempted to offer some possible solutions. We believe this forms a good checklist against which to assess any new model of grant-giving.

a) Lack of clarity about what the process is actually for

A number of witnesses alluded to the fact that the majority of the grants budget is not actually "up for grabs" each year as it has been committed to service level agreements²⁴. This is not in itself wrong but it does lead to (a) a lack of clarity for groups about what is achievable (b) a lack of clarity about what service level agreements (SLAs) are for and (c) a lack of clarity about what small grants are for. Definitions around groups and roles are needed, for example what does the Council mean by 'strategic delivery' or an 'infrastructure group'?

²³ Conference with the VCS held in July 2008.

²⁴ For 2008/09, Council funding for voluntary and community sector organisations (the grants budget) totalled £733,347 of which £542,648 was used in Service Level Agreements (74%). The corresponding figures for 2007/08 were a total budget of £742,820 of which £566,400 went to SLAs (76%).

There is no means of targeting funding – for example grants are not themed in any way nor do they recognise the opportunities for short term funding for other activities such as capacity building, pump priming new projects, or one off emergency funds for groups in difficulty or in transitional phases.

In seeking to resolve this issue, we would wish to see more clarity about the funding functions of the Council including clear objectives that drive our funding decisions and clear expectations about what we expect to be delivered through the funding. We need a clear policy framework that underpins funding/investment decisions across the Council to create a consistent approach. These policies should cover for example the length of funding, and the criteria and priorities for funding, which meet strategic objectives as well as desired outcomes for the community.

b) Lack of clear priorities in awarding grants

There was a general consensus that priorities should relate to corporate priorities or partnership priorities such as the Local Area Agreement. However, there are concerns that these are at too high a level to properly inform grant making or other types of decision-making.

It is a key problem that the priorities are so broad so as to render them practically meaningless. In turn, if all groups manage to meet the criteria because of the broad nature of the priorities, the decision-making then becomes more subjective. We would hope that the Council's funding priorities derive from the Council's and the HSP's priorities as these reflect the needs of residents and we need to build the capacity of the voluntary sector to deliver for these needs. Set in the context that Harrow does not attract as much external funding as other boroughs, places an even greater emphasis on a partnership approach.

In theory the priorities for allocating grants are set through the Sustainable Communities Plan and agreed at the Grants Advisory Panel (GAP). We have heard however that in practice this is not the case and there appears very little link between the priorities and the grants awards. In practice, decisions are influenced by historical factors rather than current priorities. This in turn offers little opportunity for new initiatives and restricts applications from new groups as the GAP commits to funding the groups that it has funded in the past.

We surveyed an analysis of the grants awarded to voluntary and community sector groups in 2008/2009. From this it was clear that some community priorities are not being awarded any grants against ('regenerating Harrow' and 'learning for all') whilst some other priorities are receiving more grants than others. This demonstrates that whilst the Council makes sure that applications meet at least one priority it still does not look at the priorities in totality and thus some priorities end up not covered adequately or even at all.

c) Concerns about the transparency of the process

It has been suggested to us that voluntary and community groups are used to competing for resources and therefore do not mind losing out on occasions so long as they can be assured of the integrity of the competitive process - that the system is fair. Among some there is the perception that the GAP 'favours its friends' and is unfair. Officer recommendations to the GAP are based on information contained within grants application forms. However should this information be used in conjunction with members' knowledge of particular groups (but not all) this can unequalise the grants applications. This is a conundrum – on the one hand it absolutely right that Councillors should exercise their role

as community leaders to champions particular causes and groups, however they must also exercise equity and fairness in assessing applications for funding.

There have been recent incidents where criteria have not been consistently applied and this accentuates the perception of unfairness. A subjective approach to grant giving can make it difficult to administer the grants system as word gets around that the rules are being broken for some groups. This undermines the processes and places additional stresses upon grants officers in that they know the criteria upon which they are advising is not uniformly exercised or adhered to.

d) Concerns about the appropriateness of criteria

One example of this is the 80% rule²⁵, as currently worded could have perverse outcomes in that it refers to 80% of the 'members' of the group and does not appear to refer to the number of residents using the project or service being funded, or the intended outcomes of the project or service being funded.

We need to change our language from grant giving to buying services. This in turn suggests that there should be different 'pots of funding' for different purposes/services. Applications from organisations for such pots could then be organised in a way that the Council is comparing like for like in terms of the services delivered. This relates in part to the priorities for its grants awards. It would demonstrate a distinct shift in policy to fund a smaller number of groups but give the money to deliver outcomes and deliver the project for which they applied for. Experience in Ealing has shown that a lot of pressure on funds has been relaxed through intelligent use of commissioning and prioritisation and this allows enough funding for new organisations.

It has been suggested to us that the GAP needs to maintain an amount for discretionary funds - an unallocated amount for which members can use their discretion in distributing. If this were to be formally adopted the Council would need to be honest and transparent about its reasons for discretionary funding.

e) Lack of effective appeals process

There are limited grounds on which groups can appeal and funds are not held back for this purpose.

f) Links with other commissioning processes are weak

A commissioning process involves deciding from the outset which needs in the borough could be best addressed by VCS organisations and setting out service specifications against which they can bid. To do this, the Council needs a better understanding of what the sector can offer in terms of service delivery. Commissioning offers the Council an opportunity to target its resources strategically. Currently however there is no clear differentiation between commissioned services and those funded by community grants and there appears no clear rationale for the setting up of Service Level Agreements.

To overcome these issues a commissioning strategy is needed, making clear how commissioning decisions support corporate priorities and how they are aligned with the ambitions of the Community Plan and Community Development Strategy. SLA's should only be agreed for commissioned service where priorities are agreed.

²⁵ Grants conditions: "The applicant must be a voluntary group based in Harrow, with 80% of its members either living or working in Harrow". Agreed by Cabinet, 14 October 2004

Engaging VCS involvement through the procurement processes (especially where competition is involved) requires some organisations to develop their capacity in new ways. VCS organisations cannot be expected to make a sudden transition to commissioning and therefore would need to be supported through the transition. The Council's Supporting People programme could offer a model as it has developed its practice in commissioning and procurement with the VCS.

If the Council's grants processes were to shift its emphasis towards commissioning, the focus will fall firmly on outcomes and as a consequence those groups who have been traditionally funded may lose out as new groups get their foot in the door. This is not necessarily a bad thing. What is important however is that transitional arrangements can be put in place to soften the blow. The models suggested by our review group offer up our visions on how radical the Council can be, if it chooses, in reshaping our funding and commissioning.

g) Management of information in this area is weak

At the moment there is no way for one part of the Council to be informed of groups' relationships with other parts of the Council; risking duplication for the group (repeated application filling) and for officers who lack intelligence about groups and, where appropriate, their past record.

h) Short-termism of the grants process

One year funding can be a limiting factor in the growth and sustainability of groups. A large proportion of the Council's grants budget is tied up in three-year agreements with larger, well-established organisations thereby making it harder for new or emerging groups to compete for funding. A strategic approach is needed across the board.

We recommend that grant giving moves to 3-year funding to support stability within the VCS and its ability to plan ahead including mid-term financial planning. Our visit to Merton demonstrated the benefits of adopting 3-year funding commitments. As an extension of this, we also suggest that funding for 'infrastructure groups' through SLAs move to a longer-term approach of 5-10 year funding.

We appreciate that such a move would be preconditioned by the development of more robust monitoring arrangements. We would urge the Council to recognise the issues arising from present SLAs especially those where problems have arisen and take heed of these experiences. In Harrow, all independent charities and trusts have not in the past operated as well as they could, for example HRCE and Harrow Arts Centre. The Council must use these experiences to better inform SLA development and embedding adequate monitoring arrangements.

Scrutiny Recommendations 11, 12 and 13:

To rationalise the grant-giving process – to clearly define processes, appeals mechanisms and adherence to these in order to improve consistency and transparency.

To move towards three-year funding commitments through grants so as to encourage stability and more scope for planning ahead within the voluntary and community sector.

To consider a longer-term approach (5-10 year funding) for service level agreements awarded to VCS infrastructure organisations.

i) The timeliness of the process

If decision-making is left late in the financial year this leaves groups limited time to seek alternative sources or to 'wind-down'. It is therefore vital that we establish a timetable for funding decisions that takes in to account the business requirements of VCS organisations.

j) The application process

The application process is not proportionate to the size of grant awarded and nor are the monitoring arrangements. There is no scoring system to support officers in arriving at consistent reports on applications.

Analysis of current funding recipients reveals that it is the larger, more established VCS organisations that benefit the most from current funding arrangements. To maintain the vibrancy of the sector and to ensure new and emerging needs can be met, the means for accessing funds should be streamlined and made easier to access for all. To achieve this the Council needs to demonstrate clarity around the assessment process and have clear policies for assessing information provided by groups, being clear about what information it wants organisations to provide on which it will make its decisions. As mentioned above it needs to be consistent in adhering to published criteria and build-in an independent adjudication process to deal with complaints and appeals.

k) The need to strengthen monitoring arrangements

Monitoring should be robust, appropriate and proportionate and should inform future decision-making. We are mindful of the challenges associated with developing meaningful monitoring arrangements, not least the need to measure outcomes (impact on end users) rather than inputs or outputs.

Currently there is no systematic evaluation of the impact of the money invested by the Council. The Gershon Review 'Releasing resources to the front line' (2004) found that public sector collaboration with the VCS was often characterised by inefficiency. The report suggested that when engaging in a financial relationship with an organisation, Councils need to be clear about what they expect from each organisation, ensure that every funding/contractual arrangement is accompanied by a proportionate number of outcomes-focused targets and have in place an effective monitoring and evaluation system. To achieve this in Harrow the Council needs to develop its current monitoring processes and link it more closely to its decision-making. This requires clarity about what the monitoring process is aiming to achieve. More meaningful monitoring could include value for money analysis, and performance analysis linked to corporate priorities. Value for money needs a framework where grants are accompanied by a basic specification to demonstrate value achieved and performance measurement.

Furthermore by introducing a consistency across the Council in holding all monitoring information in one place, any department entering into a contractual arrangement should be able to locate information about an organisation's capacity to deliver in one place. This would also reduce duplication by the Council and reduce the monitoring burden on organisations.

l) Grants awarded do not match the amounts bid for

It appears general practice within the Grants Advisory Panel to award grants to groups who have requested monies however not to award them the full amount requested, or even required to deliver the services desired. Whilst appreciating the desire to fund as

many groups as possible, this runs the risk of being counterproductive – groups receive less than needed so must either go elsewhere to top up funds or, more likely, change the specification of what they are able to deliver. The Council meanwhile cannot receive the service it is awarding for and thus can also not monitor outcomes. Effective monitoring is suppressed by awarding grants that do not match the amount bid for. If the Council gives groups grants far lower than the amount they applied for to deliver particular outcomes, how can they be expected to deliver those outcomes? Furthermore how can the Council then monitor the delivery of these unreasonable outcomes? The Council must develop a process for proportionate monitoring relative to the level of grant provided and also stop spreading the grants funding too thinly as is currently the case.

The decision-making model for the grants process – options for change

The current system for awarding grants is remaining in place for the 2009-10 grants round. We are keen that, as far as possible, the 2009-10 round is as fair as it can be under current arrangements and are of the view that member development for the members of the Grants Advisory Panel could be considered in the short term. This could include:

- The current principles of the Harrow Compact. While the current funding code will eventually need re-writing based on any changes to the process, members should be made aware of the Compact 'way of working'
- The importance of the criteria – while there is also consensus that priorities are not clearly enough defined, there are clear criteria about which groups should access grants and these must be adhered to until any alternatives are agreed.
- Developing a fuller understanding of the pressures and challenges faced by the sector – for example the demands of fundraising and the need for successful groups to diversify their funding streams. It is not negative for a group to pull in funds from elsewhere and this has been identified to have a valuable contribution multiplier effect.

In our interim report²⁶, which encapsulates our findings from Stage 1 of this review, one immediate and urgent recommendation identified for Cabinet was to agree that the 2009-10 grants round should be conducted in full compliance with the existing criteria and process and in a transparent way

Scrutiny Recommendations 14 and 15:

To agree that the 2009-10 grants round should be conducted in full compliance with the existing criteria and process and in a transparent way.

For the Grants Advisory Panel to engage with the VCS to consider the criteria for the 2010/11 grants round and take account of the concerns raised through this scrutiny review about the current system. To bring these proposals to a scrutiny challenge panel in preparation for the 2010/11 grants application process.

At the crux of the discussions around how the future model for grant giving should look in Harrow seems to be identifying members' roles with the process and to this end whether we should continue to operate through a member-led Grants Advisory Panel.

Decision-making must be robust – transparent and fair. However presently it seems that Councillors are in the invidious position of straddling the roles of championing causes that they are passionate about and awarding grants to groups that they do not necessarily have as much personal knowledge about. It has been suggested that the best role for

²⁶ See Harrow Cabinet papers for 17 July 2008 meeting:
<http://www2.harrow.gov.uk/ieListDocuments.aspx?CId=249&MId=4134&Ver=4&J=2>

Councillors would not be awarding the grants but in the scrutiny of the outcomes/grants provided by the Grants Advisory Panel (or Community Trust). This would allow Councillors to develop their role as community leaders and not involve themselves in the detail of the process. If members were not involved in assessing applications this could allow members greater strategic focus on the setting of priorities and ensuring transparency though involvement in an appeals process before the final decisions on funding are agreed by Cabinet.

Should members continue to award grants and act on officer recommendations, officers should provide the full robust reasoning for their recommendation, backed by weighting/scoring system relating to the various criteria considered. This would offer objectivity and transparency.

It is an option that any new model can be outsourced from the Council and the decision making for grant awards given to a Community Trust (this is explored in greater depth further in the report). The process for buying services for the community would be the same as in any other situation and integrating a number of funding budgets (e.g. the PCT budget and external grants) into the Community Trust would facilitate economies of scale.

We have an opportunity to create an innovative, 21st century model that is fit-for-purpose and shaped around the needs of Harrow. Given the current problems with the grant making function, a fundamental overhaul of the process may be required. We have proposed a model of grant giving that better meets Harrow's needs in the next part of this report.

Engaging with the voluntary and community sector and building capacity

Currently a high proportion of funding is directed at service delivery with very little funding allocated to capacity building. In order to improve the current situation there is a need to develop a main entry point for VCS organisations so that groups know where to come for information. Bringing together everything into one place would help build up the capacity across the Council as well as aid cross-matching efforts across different departments. This main entry point would hold information on all funding available through the Council and funding intelligence would be routed this main portal. We would see this role within the Council to be coordinated by the relationship manager, as previously discussed, in close liaison with the Council's external funding officer and the new funding support officer in the VCS, as previously recommended.

Scrutiny Recommendations 2 and 1:

To have a relationship manager at the Council to act as a signpost for groups in the voluntary and community sector and a support in the event of difficulties in the relationship between any Council service and any VCS group.

To have a Council-financed funding support officer within the voluntary and community sector (VCS) to support groups in a variety of ways e.g. grant applications, adapting to any changes in the grants process, meeting monitoring requirements, procurement processes, community assets. To work closely with the Council's external funding officer.

An example of this exists in Westminster City Council where the Voluntary Sector Unit is the first point of contact for organisations. The unit provides basic information and/or signposting of enquiries relating to the voluntary sector. Information about funding is held

in one place including what funding is available, when it is available and how groups can apply.

Grants can be seen as a key driver for community development which is underpinned by principles of community cohesion. To achieve this the Council needs to:

- Develop a funding framework that promotes the development of the local market, recognising organisations needs to grow and shrink.
- Set aside funding to invest in the sector, to grow organisations while they access other funds.
- Provide help with setting up financial, HR and governance systems. Consideration could be given to the provision of this through in-kind support.
- Develop an external funding strategy supported by all sectors that pools resources to attract funding into the borough.
- Develop the social enterprise sector in Harrow to develop capacity and ensure organisations are ready for commissioning opportunities.
- Clarify the roles of 'strategic / umbrella' organisations and the role that they play in capacity building the sector. Any consideration of how the Council can maximize its relationship with the VCS has to consider the effectiveness of infrastructure bodies. In Barnet for example, the local CVS (Council for Voluntary Service) agrees a set of performance measures and targets with the Council that clearly establishes the outcomes to be delivered by the CVS.

In developing a new voluntary sector fund, the Primary Care Trust will face similar challenges to the Council in building an effective and transparent grant-making process. There is potential for joint working in this area and even a joining up of priorities through the Joint Strategic Needs Assessment. Voluntary sector engagement in the development of such processes will be vital to securing buy-in. We should move the language from talking about funding to talking about investing. To build the capacity of the voluntary sector, they must be equal partners, involved in setting priorities and the Compact. There is a long journey for us to get there.

Best practice

London Councils²⁷ is nearing completion of the change to a commissioning model for its grants. There are a number of lessons learned from the process that Harrow may be able to apply:

- The importance of engaging the sector in changes to the process
- The benefit of establishing forums for discussing local need and this informing service specifications
- Benefits from electronic applications and monitoring and clear scoring system for applications
- Including a stream for sector specific 'second tier' support to capacity build organisations that are commissioned to deliver services²⁸

Evidence on the theory of funding tends to suggest that:

- There are several different funding models which are used by organisations to decide on funding. Often the approach taken by an authority will be a mix of these models.

²⁷ London Councils is a think tank and lobbying organisation that promotes the interests of London's 33 Councils. It also runs a number of pan-London services.

²⁸ Meeting held with London Councils, 6 June 2008

They are giving (philanthropy), shopping (commissioning services, for example) and investing (venture funds)²⁹ as discussed in the introduction to this report.

- Effective funding should be sustainable – it should constitute a mix of different sources and types of funding. But this is difficult for small organisations, or those who traditionally focus on a specific service³⁰.
- Funding should be given on the basis of full cost recovery³¹, which helps the VCO concerned to cover their core costs and provides a clear and transparent view to the funder. However, this requires the funder concerned to have a realistic approach to what they are funding, what they hope to get out of it, and how much it is likely to cost³².
- Funding priorities should be derived from the priorities of the partnership, not the other way round, or from the priorities of the local authority.
- Funders need to understand the need for financial certainty, and have to plan spending to accommodate this, through increased use of SLAs and commissioned services, and the use of grants for specific projects rather than to prop up organisations' core funding.

Grants versus commissioning

During our visit to Merton Council we explored some of the debate around the virtues of commissioning services from the voluntary and community sector rather than awarding grants for these services.

Merton's new commissioning model

Merton has found that linking the relationship with the VCS to the commissioning process has provided a more robust structure. Commissioning now applies in all areas – even those areas previously dealt with through the grants process. It allows the Council and its partners to link funding in to LAA objectives, and to map outcomes against priorities.

It was difficult to persuade people of the benefits of commissioning for both grants and ordinary procurement. Flexibility is the key to success, in terms of setting criteria for the commissioning process. Transparency is also crucial. That said, it has been very difficult explaining commissioning to people, and explaining that procurement is an element of commissioning. People have needed to be disabused of the notion that commissioning and contracting are the same thing.

Merton's commissioning model begins next year and central will be the concept that funding meets priorities for the future. It places third sector funding in a strange position so that funded VCOs are "recognised" by the commissioning process as contributing effectively to the local community – effectively, giving those VCOs more local legitimacy. Furthermore, commissioning acts as a defence against any future budget cuts.

Grants process

Merton still operates a standard grants process beneath this, however. A panel has been established whose responsibilities have not yet been developed to cover the entire Council, but a couple of departments and some key partners are on board. Setting up the panel was difficult in terms of being able to define a constitution. The Panel (which is

²⁹ "The Grantmaking Tango" (Unwin for the Baring Foundation, 2004)

³⁰ "Guide to sustainable funding" (NCVO, 2006)

³¹ Since 2006 this has in fact been a statutory requirement for public sector funders.

³² "The role of the voluntary sector in service delivery" (HM Treasury, 2002)

multi-disciplinary and multi-agency) make recommendations, but ultimately it is an officer decision. The Portfolio Holder sits on an appeals panel.

Proportionality is crucial in the decision-making process. Small grants do not require the same level of scrutiny as large ones, and the systems and processes have to be designed accordingly, to ensure that small grants are easier to apply for. It is important to break the reliance on grants by certain organisations and move them over to a commissioning framework, rather than having them return for grant funding year after year. The local Council for Voluntary Service itself is three-year funded.

Cultural change has been difficult to tackle with those members who do not wish to give up control over the process. However, the results are clear, as the Panel's recommendations/decisions have been subject to far less opposition than in the past, even when decisions do not meet with everyone's approval. The scoring criteria, used to make funding decisions, are now transparent.

The matter of Council representatives sitting on VCO boards has now also been resolved. Appointments no longer occur at Annual Council. Although members still sit on organisations' boards, they do so as individuals rather than as Council nominees.

Commissioning

The Audit Commission has suggested that, to meet the requirements of the different parts of the voluntary and community sector, a process of "intelligent commissioning" should be promoted. Eight principles for good commissioning, developed by the Office for the Third Sector³³, are:

1. Develop an understanding of the needs of users and communities, by ensuring that, alongside other consultees, they engage with third sector organisations as advocates, to access their specialist knowledge.
2. Consult potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services.
3. Put outcomes for users at the heart of the strategic planning process.
4. Map the fullest practicable range of providers with a view to understanding the contribution they could make to delivering those outcomes.
5. Consider investing in the capacity of the provider base, particularly those working with hard-to-reach groups.
6. Ensure contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building where appropriate.
7. Seek to ensure long-term contracts and risk sharing wherever appropriate as ways of achieving efficiency and effectiveness.
8. Seek feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

The Audit Commission has expanded upon these principles - in essence, to involve the Council 1) understanding service needs, 2) understanding the market and 3) understanding procurement. It seems that the focus is very much on action that can be taken by the Council to effect change. Much of good commissioning relies upon intelligence building within the Council, and significant officer and financial investment in the voluntary and community sector as a matter of course, not merely in the form of grant funding for projects or specific services.

³³ These are also used as the foundation for the IDeA's National Programme for Third Sector Commissioning

Commissioning across Harrow Council

Commissioning for the delivery of services is becoming more common and a wide range of commissioning activity is undertaken across the Council, many lying in social care. It is not clear that commissioning activity is coordinated or strategic across the Council however. The enhancement of the corporate procurement function will make it more prevalent, as capacity in this area is currently extremely limited. Most services commissioned by the Council lie in the social care sector, and are delivered by the Adults and Housing Directorate or Children's Services. A number of these services are jointly commissioned by the Council and a partner, usually the PCT – for examples, services for adults with learning disabilities or physical disabilities.

It is important to note that commissioning is not a one-off process, a single exercise which is time-limited and defined by the contractual relationship being established. It is best described as being iterative, or cyclical. Most commissioning processes – and the approach that the Council has taken in respect of social care – are defined by a four stage cycle, as recommended by the Institute for Public Care, as follows:

- Analysis - of guidance/best practice, population needs, market, risks, resources and establishing common service purpose between agencies.
- Planning - in the form of joint commissioning strategies for all care groups and gap analysis of current service provision.
- Doing – through active market management or influencing.
- Reviewing – the success of the strategy in meeting the needs of the population.

These four principles define the Council's approach to joint commissioning. Of course, this approach applies only to social care. For different commissioning processes, even though these are general principles, the practice can vary significantly.

In examining a number of specific areas of Council work it has come to our attention that the Council acts as a facilitator of support to the sector in areas such as children's services, where the Council is charged with distributing funds from a range of sources such as the Children's Fund and building partnerships with local groups to deliver services innovatively and creatively.

Commissioning within Adults Social Care

Within adults' services, there are around five hundred contracts and service level agreements including with the private and voluntary sectors. These range in size from placements for individuals to home care contracts totalling 10,000 hours per week. There is a range of challenges ahead relating to the delivery of developments such as the self-directed care model, and the role the sector should play in delivering the transformation agenda.

These changes will need to be informed by a Council, and partnership view, of what commissioning should achieve. It is not clear that commissioning activity is coordinated, that there are links to the grants process or that this is driven by a clear set of overall priorities.

Concurrently to our scrutiny review, there is a small review in Adults Social Care and Housing being carried out, looking at prevention and well-being services, targeting organisations with an SLA. There was a mapping exercise of services, and some qualitative analysis, including a look at long-term strategies in the area, and whether they fit with the LAA and the Council Priorities were undertaken. Improvements have been planned for the next two years and the Directorate holds regular meetings with the VCS.

One of the problems that have been identified involves looking at short term funding compared to long term funding - it is difficult to compete with national organisations in the advent of the self-directed care agenda.

We would wish to see the progressive work carried out in social care commissioning to be spread more Council-wide so that Harrow Council's approach is strategic and the lessons learnt from the development of the commissioning strategy for social care are used in developing a whole-Council strategy for commissioning.

Commissioning in Harrow in the future

The direction of travel for local government, as well as the current economic climate, will mean a further push for efficiencies in the public sector. Commissioning will be different, with many services that are provided directly by the Council or bought from external private companies being sourced from elsewhere in the future and under the pressure to deliver efficiency savings year on year. Delivering better outcomes and better value for money for our customers is to be welcomed. We have suggested a proposed model for how commissioning by the Council could look in the next part of this report.

Procurement

Principles of procurement

The National Procurement Strategy points to a tension between drives for efficiency and economy (large scale contracts) and drives for developing the local markets. These two strands do not sit well together, but a sensible approach would be to ensure that a 'fit for purpose' test is applied to assess which route would best suit in specific circumstances. In addition clarity on such matters ensures that the sector does not waste time on inappropriate applications.

The procurement process has a range of legal constraints. There is a need to ensure that successful tendering is possible for small businesses and voluntary organisations; this implies offering support to the sector in understanding the requirements of such processes through capacity building.

We are aware of the need locally to clarify when to use service level agreements (SLAs) and when to use contracts. There is also a need to be clearer in respect of SLAs on how outcomes should be measured and monitored.

More effective procurement of services from the voluntary and community sector lies at the core of the issues affecting the building of capacity in the sector generally. National evidence suggests that many VCS organisations are frustrated about the complexity and length of public procurement processes, and that particularly small groups lack the capacity to consider entering into standalone arrangements, and/or delivering to these arrangements if agreed.

The Home Office and the Office for Government Commerce produced best practice guidance in 2004³⁴ to provide more information about the procurement of services from the VCS. Broadly speaking, the Home Office report identifies a number of barriers which

³⁴ "Think Smart – Think Voluntary Sector!" (Home Office/HMSO, 2004)

prevent VCS organisations from engaging in public procurement exercises. These can be³⁵:

- Lack of early and effective consultation with the VCS in the development of strategies, leading to unattractive procurements
- Failure to properly assess VCO's capabilities and to consider them as serious contenders. Insufficient recognition given to their strengths and skills. Procurers too risk averse and worried that VCOs lack the resources to deliver.
- Difficulty in finding out about contract opportunities and who to approach about becoming a supplier.
- Trend towards use of large scale contracts - difficulty in forging alliances with prime contractors prevents [VCOs] from playing a support role in the supply chain.
- Complex and costly pre-qualification and tendering procedures with unrealistic timescales.
- Lack of a level playing field in procurement, particularly relating to the unwillingness of some procurers to accept full cost recovery, including management charges, in VCOs tender prices.

The public sector has complex processes for large contracts and this becomes problematic for some of the smaller organisations which become involved. It is often difficult for VCS organisations to meet procurement standards. It is standard practice to review/audit organisations for their financial standing and equalities procedures, policy, structure and governance, this is often harder for smaller organisations. There is also a lot of pressure on the Council to be efficient and to save money which often pushes them towards working with large organisations which creates a tension with their duty to work with smaller organisations in national procurement strategy.

We used the Council's recent procurement of a Local Involvement Network³⁶ host organisation in our deliberations around how the process of procuring services through the voluntary and community sector might develop and improve in the future.

Levelling the procurement playing field – ways in which the Council can help the voluntary and community sector to compete

More effective procurement of services from the VCS lies at the core of the issues affecting capacity building in the sector in general – currently VCS organisations are not on a level playing field with larger organisations who tend to benefit from economies of scale. Training and ongoing support will go some way to address this. On the flipside however the VCS can also decide to use a volunteer only service delivery approach, which neither the public or private sector can compete against. We appreciate the operation of a free market. Voluntary sector organisations will, as smaller potential providers, sometimes have unique selling points, which are not likely to be price. While the local authority has a duty to support the market, it is difficult to make an investment into capacity building smaller organisations if the tender favours larger organisations that look as though they can provide cheaper services and value for money over the long term.

³⁵ Summarised from *ibid*, p10

³⁶ The Local Government and Public Involvement in Health 2007 requires each local authority to establish a Local Involvement Network (LINK) for its area. A LINK is a network of voluntary and community groups/ individuals who will represent the views of patients and the public on health and social care issues. Harrow's funding for LINKs from the Department of Health is £414,000 for 2008-11. The contract for Harrow LINK was awarded to Parkwood Healthcare, a national agency.

The Council does try to promote community involvement, even when letting very large contracts and an example of this is the Kier contract which includes clauses requiring the employment of local people.

The Council's procurement team is undertaking a range of work with a view to making it easier for the voluntary and community sector to access procurement processes and compete for contracts. These include:

- Looking at the pre-qualification questionnaire (PQQ) to include sole traders and partnerships, to make it easier for these groups to complete the questionnaire.
- Working with the health and safety team to hold a workshop for local small and medium businesses for health and safety criteria at the PQQ stage and make London Development Agency guidance and advice more easily available, which includes wider guidance on how to apply for other, non-Council contracts.
- Reviewing the procurement pages on the website to give people to more guidance on tendering and make it easier to find in-depth information on services, including information on what advice the procurement team can provide.

The Council needs to work harder to help groups by telling them that the information is there to be accessed, and raise awareness of the help offered. It is recognised that the sector needs training, but there is also a need to ensure the support is ongoing so that the process is end to end. This needs to be set against the context that whilst the Council is a big organisation there is only a small procurement team that is extremely resource challenged. Peer led training for the VCS could be one option to pursue here, in order to further build capacity. A funding support officer within the VCS as was recommended in a previous section could oversee such work, to help through the local procurement procedures as well as source external funding opportunities for the VCS.

Furthermore the Council can support the voluntary and community sector advertising tendering information and available premises (asset disposal) directly to the sector through HAVS, for example through regular emails or updates on forthcoming contracts in the HAVS newsletter.

Scrutiny Recommendations 1 and 16 and 17:

To have a council-financed funding support officer within the voluntary and community sector (VCS) to support groups in a variety of ways e.g. grant applications, adapting to any changes in the grants process, meeting monitoring requirements, procurement processes, community assets. To work closely with the Council's external funding officer.

To ensure that all procurement exercises and available premises are advertised in a regular email/newsletter and that the VCS be on that distribution list. To also raise awareness with the VCS that the Council's webpages for procurement include much help and advice on accessing procurement routes.

To optimise the VCS' access to procurement exercises through thorough and fair assessment of the procurement requirements necessary for each tendering exercise.

Building capacity within the voluntary and community sector to deliver

The LINks procurement in Harrow serves as a good example of how there remains a real need within the VCS to build the basic business management credentials to be able to bid

for contracts against larger or national bodies. This business acumen can be sourced and supported through the Council within the VCS itself.

Training and ongoing support will help groups make the step change however we recognise that unless an organisation has provided larger contract services it can be very daunting to make that step change. More sectoral knowledge about the commissioning process is needed – this goes beyond about how to do the paperwork and into the realms of learning how to implement the changes required of them to qualify for larger contracts. Smaller groups are disproportionately affected as often they cannot set aside management time to do these activities and therefore need concrete assistance to come together as a partnership to put them in a position where they can now bid for a contract. Corporate procurement functions within Councils need to do more to build the capacity of voluntary organisations. Expecting success on the back of ad hoc guidance provided in advance of single, isolated procurement exercises is, as recognised by the best practice authorities, unreasonable.

Other sectors need to become involved in building capacity – and intra-sector work can help as well, with VCOs having particular skills providing information, guidance and assistance to those with less ability. There also needs to be more flexibility regarding the ability and willingness of organisations to sub-contract elements of larger contracts to smaller organisations, and a willingness on the part of the private sector to provide assistance where possible either through corporate social responsibility or part-paid guidance (which could be provided in a structured way through the local authority, or independently).

We recommend that key to building up the capacity within the voluntary and community sector is the Council committing to three-year funding streams rather than the current arrangements. There is a need for stability and growth in the sector and with central government's move towards three-year settlements the Council is in a better position to consider this. This would however need to be coincided with a more robust system of monitoring and ongoing support to foster the best outcomes, not outputs, from contracts for services that deliver added value to the community.

Scrutiny Recommendations 11, 12 and 13:
To rationalise the grant-giving process – to clearly define processes, appeals mechanisms and adherence to these in order to improve consistency and transparency.

To move towards three-year funding commitments through grants so as to encourage stability and more scope for planning ahead within the voluntary and community sector.

To consider a longer-term approach (5-10year funding) for service level agreements awarded to VCS infrastructure organisations.

Best practice

There are a number of examples of success in effective procurement that Harrow could draw upon. For example Wakefield Council won Beacon status in 2006-07 for their approach to procurement through the voluntary sector. They carried out a number of engagement events over the course of 2006 and 2007 to understand more about the voluntary sector but also to allow voluntary organisations to share experience and views about the procurement process. This was particularly helpful for small organisations,

which lacked the capacity to do this level of research themselves, and assisted the Council in building up an up-to-date picture of the local VCS landscape in particular service areas – allowing them to target further engagement activity at those areas where there was most need in terms of capacity and expertise.

Croydon Council were also Beacon winners in 2007-08, for “Increasing Voluntary and Community Sector Delivery”. Most work is centred on provision for young people. The local voluntary sector, through Croydon Voluntary Action is represented on strategic boards. A Children’s Fund was established, responsible for procuring services amounting to several million pounds. Decisions on service delivery were taken jointly by the Council and the VCS, representing an approach where effective procurement is placed within the context of wider Council commissioning.

Attracting external funding

Harrow does not have a long history of bidding for external funds and needs to be more aware of its own needs – given Harrow’s deprivation rating there is a need to recognise the particular niche areas of need that appear in particular areas of the communities in the borough (supported by research such as the vitality profiles) in order to support this activity and raise Harrow’s profile. As per the grants process, there is a need for the Council to have clear priorities in terms of what it is trying to achieve. There is some limited central resource and a lack of consistency across directorates.

This point is also related to building capacity within the sector – many pots cannot be directly accessed by the Council. We are of the view that consideration could be given to basing resources within the VCS to support fundraising by community groups, thereby developing skills within groups and improving the quality of local bids. Such an approach could require a change in mindset from Harrow the Council to Harrow the place – with Harrow Council helping to facilitate wider benefits to the local community.

One experience we have drawn in our enquiries is that of Ealing Council’s which supports its VCS to increase external funding generation. Its Community Liaison Forum is consolidating VCS development and this includes a regular funding newsletter which is issued about all funding coming on stream. West London finds it very difficult to secure extra external funding and consequently there are huge benefits to the community trust approach, as trusts are skilled in identifying this extra cash. However, Ealing recognises that it is important that the Council does not lose the skills and expertise from in-house staff – particular data and statistics, the collection and use of which cannot be “outsourced” well. Ealing Council has found it important to work with the local strategic partnership to invest in this work. Furthermore more work could be done in making the sub-regional business case for more funding.

Community leadership and community trusts

Community and development trusts have been set up all over the country for a wide range of purposes³⁷. There is no “one size fits all” approach, and different local circumstances result in different forms of trusts being built up.

³⁷ See “Community Trusts and Foundations; A review of the growth and activity of community foundations in England”, UK Fundraising, 2007

The form of trust, which has been discussed in the context of Harrow in the course of our enquiries, is an area-based trust with a wide range of functions – most notably, the power to fund other organisations and projects.

“Partnerships.org.uk” provides a useful list of advantages and disadvantages to establishing a community, or development, trust. The advantages and disadvantages in creating a trust depend on where you stand and who you are - for example, within a Council or quango considering sponsoring a trust, as a funder, or in a local group or voluntary organisation.

The advantages for a sponsor include:

- A 'do-it' organisation able to develop economic, social and environmental projects and attract a range of extra resources.
- A means of fulfilling Government or European funding requirements for partnership and community participation.
- An organisation which may not require revenue support in the long term.
- A structure which can be tailored to meet local needs for control and accountability of different interests.

The disadvantages could be:

- The time and resources needed to establish the trust.
- Subsequent time commitments in Board membership and liaison.
- Loss of direct control over projects.
- A possible perceived threat to local politicians.

From the community-level perspective, the advantages could be some or all of those perceived by the sponsor, plus the advantages might include:

- An ability to develop larger projects and attract new sources of funds.
- An opportunity to develop new skills and confidence.
- A chance to directly influence the future of the neighbourhood.

The disadvantages might include:

- Time commitment required from individuals, with the associated personal risk and responsibility in running a company.
- The trust could compete for resources with other existing organisations.
- Unless there is some form of local accountability, the trust may lose touch with local people and develop projects solely to suit those most closely involved.”

It is important to highlight the fact that financial sustainability is a key issue – a trust with funding responsibilities, and with a duty to act as an independent body “brokering” the relationship between the statutory and voluntary sectors, needs both a clear purpose and remit within the wider framework of area partnership working, and a clear and defined source of funds.

One significant advantage of community trusts is that they are seen as useful tools for the VCS to “leverage” additional income which the Council on its own would not be able to access – similarly, they can act as a source and advice of information. It is often taken as read that community trusts are able to be self-funding (in terms of core costs) because of access to growth funds and grants made specifically available to trusts. There is some logic to this but initial funding is required. The research on this subject – and the

experience of other community trusts³⁸ - tends to suggest setup costs of around £150,000. Many successful trusts, but not all, have also gained access to local assets, which have been let or used to raise income.

The creation of an umbrella organisation, or a neutral body tasked with decision-making – particularly in respect of funding – is often cited as a solution to potential tensions, as its neutrality can ensure its use as an effective broker. However, in practice this may well not be a pragmatic approach, as such an organisation may well lack the experience, capacity or resources to make judgments on disagreements. Community trusts are often seen as a useful way to put decision-making power in the hands of the local VCS and make business more transparent, but they are by no means a panacea. At the outset, certainly, they are expensive and labour-intensive. They require ongoing support and, arguably, their own assets in order to be financially sustainable – even if they are responsible for the dissemination of funding from the Council to other VCOs. There is always the risk that additional money going towards funding a community trust could be seen by some as money wasted that could be going directly to a project with clear community benefits being undertaken by a local group, rather than funding an “extra layer of administration”. The negotiation required in setting up a trust is delicate and often prone to failure.

North West London Community Foundation

The North West London Community Foundation (NWLCF) was established in 1994 as the Harrow Community Foundation, the idea being that local businesses could work together to raise money to local charities and groups. Until 2001 funding mainly went to small organisations and was roughly £100,000 per year. However, a decision was then made to widen the benefit, and create a fully-fledged community foundation.

A mapping exercise was carried out across Northwest London, looking at the needs of the sub-regional voluntary sector. It was decided that the only way to support the VCS effectively was to become a community foundation. Since 2002 the foundation has given out £2 million to 800 community organisations, seeing itself as a broker, bringing donors and recipients of funding together. There are two Councillors on the NWLCF's Board and they are both from Harrow, given the Foundation's historic links to the borough.

Setting up a community trust

The first step in considering setting up a local Community Trust is to consider why the decision (to set up a trust) is being made. Community foundations are probably cheaper than in-house grants teams, but then there remains a requirement on the Council to carry out policy work. Core costs are consequently difficult to assess and administration costs constitute around 10–15% of the money being disbursed.

Community trusts - an option for Harrow?

If, as some of our discussions with Councillors, officers and VCS representatives suggest, there is a need to take some of the politics out of the grants process in Harrow, this could be managed through a Community Trust model – a community chest from which to administer grants. In this respect, the Council would no longer be involved in the decisions concerning small grants. A Community Trust model could remove some of the pressure points out of the current Council decisions. We recommend that the Council explores the community trust model for Harrow and within this considers asking the PCT to consider

³⁸ Based on limited internet research and queries to a number of community trusts to ask about setup costs (weighted according to year of establishment). Consequently this may not be a definitive figure and therefore treat with caution.

using the same mechanism for its own grants process. We detail this in further detail in Model A.

It is a possibility that any existing community trust could be well-placed to fulfil the Council's grantmaking obligations. Some community trusts have focussed on capacity building rather than being grant-givers, because it is felt that this would conflict with their advocacy role. Many organisations would consequently not wish to take on the additional responsibility. In Harrow, the Foundation has looked at the Compact to define grassroots spending – consequently an existing group can be tasked with the function without the risk of its own priorities being compromised, as in theory everyone should be signed up to the same priorities through the HSP. Additionally, it is more likely to be easier to obtain additional funds for an existing, fully independent community trust.

If what is required is merely the administration of the grant process, this is relatively straightforward, however, passing the entire grants process to a third party can be extremely complicated.

Emerging recommendations

To recap our recommendations from this case study on funding:

- To rationalise the grant-giving process – to clearly define processes, appeals mechanisms and adherence to these in order to improve consistency and transparency.
- To move towards three-year funding commitments through grants so as to encourage stability and more scope for planning ahead within the voluntary and community sector.
- To consider a longer-term approach (5-10year funding) for service level agreements awarded to VCS infrastructure organisations.
- To agree that the 2009-10 grants round should be conducted in full compliance with the existing criteria and process and in a transparent way– already agreed in interim report.
- For the Grants Advisory Panel to engage with the VCS to consider the criteria for the 2010/11 grants round and take account of the concerns raised through this scrutiny review about the current system. To bring these proposals to a scrutiny challenge panel in preparation for the 2010/11 grants application process.
- To have a relationship manager at the Council to act as a signpost for groups in the voluntary and community sector and a support in the event of difficulties in the relationship between any Council service and any VCS group.
- To have a Council-financed funding support officer within the voluntary and community sector (VCS) to support groups in a variety of ways e.g. grant applications, adapting to any changes in the grants process, meeting monitoring requirements, procurement processes, community assets. To work closely with the Council's external funding officer.
- To ensure that all procurement exercises and available premises are advertised in a regular email/newsletter and that the VCS be on that distribution list. To also raise awareness with the VCS that the Council's webpages for procurement include much help and advice on accessing procurement routes.
- To optimise the VCS' access to procurement exercises through thorough and fair assessment of the procurement requirements necessary for each tendering exercise.

CASE STUDY 4 – COMMUNITY ASSETS AND COMMUNITY PREMISES³⁹

Community management of local assets

There is a government drive towards encouraging VCS organisations to own or control community facilities, and with this comes the transfer of local assets to the VCS and more community ownership of assets. This can often have two key outcomes around building capacity and offering stability – improving and enhancing the use of a given facility, and enhancing the capacity of the VCS to use the facility to leverage additional funding and responsibilities, from a position of strength and stability.

The Quirk Review – community ownership

Recent work on community ownership of assets is defined by the terms of reference of the Quirk review, undertaken in 2006. The Quirk Review presaged a fundamental change in governmental approach towards community assets, and since its publication authorities and VCOs across the country have been moving fast to take advantage of the new policy landscape it has created. Quirk's central thesis – one mirrored by evidence in our review – is that successful partnership working is crucial, particularly the co-production of strategies and co-implementation of them. The role of the municipal sector is seen as being to support the communities which sit alongside it. This is not about marketisation of local facilities, but about enhancing social value.

Benefits and risk

The Development Trust Association⁴⁰ has set out its vision for the benefits which can accrue from asset transfer. These demonstrably go far beyond merely allowing a voluntary organisation to operate some local premises – it is about using the asset as a springboard to deliver much more both for the VCS and the local community. Identified benefits include⁴¹:

- *Earned income* - income from assets, as well as other fees and sales, generates independent income. On average development trusts' assets produce a return of 6% every year, and every penny is reinvested back into the community. Local ownership significantly enhances local multipliers.
- *Services and facilities* - Development trusts use assets to deliver a multitude of activities: small business support, affordable housing, leisure centres, retail and restaurants, community woodlands, recycling, and local delivery of public services, according to what each community most needs.
- *Tackling blight and safeguarding public good* - Every boarded-up or derelict building, and every piece of empty wasteland, is a liability in a community. Given the right vision, investment, and support, there are many cases where we can find a positive community use, turning liabilities into assets, and reaping multiple environmental and social benefits.
- *Better partnerships* - Community groups with assets are players: they have something to bring to the table, their partnerships with the state and private sector start on the front foot, and are much more likely to be productive. Community groups provide alternative routes of contact for people especially in disadvantaged communities: they have a 'reach' not available to government.

³⁹ Community premises is used in the generic sense rather than referring to the specific building known as 'Community Premises' (Northolt Road, South Harrow) as per a previous scrutiny review.

⁴⁰ The Development Trusts Association is a leading network of community enterprise practitioners dedicated to helping people set up development trusts and helping existing development trusts learn from each other and work effectively. Development trusts are community owned and led, cultivating enterprise, developing community assets and transforming communities for good.

⁴¹ Taken from Development Trusts Association website: www.dta.org.uk

- *Building community confidence* - Development trusts take pride in their assets; their refurbishments are carried out to the highest quality. The action of developing and managing assets raises the game of local people, building networks and skills, reinvigorating participative democracy, and nurturing community-led enterprise. Development trusts establish both bridging and bonding social capital.

One of the key foci of cultural change is the adoption of a different attitude towards risk. An understanding of risk, and the management of risk, is crucial for statutory bodies and the VCS is vital in overcoming doubts about the potential for asset transfer to succeed. Taking this point into account the government has produced a guidance briefing on this point⁴² and this cites a number of potential risks:

- Community empowerment objectives proposed by community organisation are vague, weak or not aligned to those of the local authority
- The receiving organisation does not have the capacity/skills to manage the asset
- Local authority lacks the capacity to support the asset transfer adequately
- Community organisation does not have the funds to purchase and/or refurbish the asset
- Community organisation cannot afford to maintain the asset on an on-going basis
- Lack of knowledge of the asset (especially when considering an historic building)
- State aid rules prevent public financial support for a project
- Asset not used in the public interest, taken over by an unrepresentative/unaccountable minority, access to asset not inclusive
- Fragmented ownership of assets precludes a strategic approach
- Confusion in roles between the local authority and the community organisation
- Limited potential for enterprise development based on the asset in the area
- Reliance by the receiving organisation on a small number of volunteers
- Use would not fit with wider strategic aims of the local authority

Best practice

Best practice work undertaken by the Development Trusts Association in 2006 continues to promote case studies of work being carried out in this area. There are two particularly useful best practice examples. High Trees (Lambeth) involved the transfer of a former library, closed in 1995. The transfer to the community trust occurred in 1999. A survey of needs was carried out which allowed the facility to be redesigned to offer services that were most in demand locally. A number of other local organisations are able to use the building at a modest rent. Lessons learned highlight a focus work on an area where there is a need. The biggest difficulty was ensuring long term sustainability and finding a new income generating asset.

All Saints Action Network (Wolverhampton) is responsible for a number of different premises in the Wolverhampton area. Starting as a campaigning organisation, over time they have developed into a business, making money which they then invest in the local community. A particularly important asset is a former school which has been developed into a business incubation space. The process took an extremely long time – five or six years. Lessons learned include the ongoing sustainability – in terms of security of funding – is vital. Plans have to exist to keep sites going long after the asset transfer, and the local authority have to be able to offer support. VCOs also need to be very opportunistic in looking for premises which can be taken over, as well as taking a commercial approach to takeovers – although this can engender some criticism.

⁴² "Managing risks in asset transfer: a guide" (DCLG, July 2008)

The themes of partnership and openness which run through best practice guidance on general relationships are of particular import relating to community ownership of assets. From the evidence, it is clear that:

- Community ownership of assets can have huge long-term advantages.
- Planning for asset transfer needs to be long-term, and has to include provision for ongoing revenue funding to allow such assets to be self-sustaining.
- The implications of asset transfer go beyond procurement or property policy.
- Significant capacity-building work needs to be carried out with the VCS before and during asset transfer processes.
- There are financial, social and political risks to asset transfer, but these risks can be mitigated with careful planning.
- Agreements between transferor and transferee must be fair and reasonable. The priority should not be maximisation of income by the Council but maximisation of utility by the local community.

Harrow's community lettings

In examining the impact of past reviews in the first stage of our review's work, we noted that there have been difficulties in implementing proposed changes to the community lettings process and that there have been associated challenges for groups in that schools can set their own rates for hire of premises.

The Council's policy on community lettings has been in hiatus since 2004. The decision was made in 2002 that responsibility for community lettings on a Council-wide basis would be transferred to the Grants Advisory Panel. The aim was to ensure that the community lettings system would be linked more closely to the grants process.

It was decided earlier this year that these changes would be suspended until the Overview and Scrutiny Committee had reached its conclusions on community lettings as part of this review. Consequently, the old system remains in operation. Under this system, voluntary organisations apply to use a room in a school or other Council premises, the Council makes the necessary arrangements, and the Council pays the school for costs such as electricity and caretaker's overtime, and then invoices the organisation at the published hire rates.

The new system would have been grants-based - the intention being that groups would apply to the Council for a grant towards the cost of hiring premises for their activities. If a grant was approved they would be able to deal directly with the school or any other premises provider of their choice. However, this has not been implemented.

The community premises review⁴³ proposed, amongst other things, that consideration be given to establishing a community trust. This option has not been pursued and any strategy for the future of premises for the sector in the borough should take this into consideration alongside other developments such as the potential for co-location of services. We are of the view that the Council can adopt an important function with regard to the development of a trust in the role of community leader. Community trusts are discussed the previous funding case study. We recommend a community trust model for grant giving and see no reason why this could not be extended over time to include administration of community lettings.

⁴³ Refers to Community Premises in Northolt Road only.

Scrutiny case study – the Beacon Centre, Rayners Lane

As part of scrutiny's review of Harrow's Cultural Strategy⁴⁴, scrutiny Councillors carried out a case study of the Beacon centre in Rayners Lane. The Beacon is a community centre providing training, work and leisure opportunities for people living on the Rayners Lane Estate, an area which ranks highly on a number of different indices of deprivation. Costing £2.7 million to construct, the Beacon opened in early 2007.

The Beacon model has the potential to garner greater community engagement in cultural activities and provide insight into how such centres would operate in the future – led by local needs, providing crucial local services and acting as a catalyst for the regeneration of a whole community. The evidence gathered during the case study demonstrates that the Beacon is falling short of this aim, but it remains viable and represents the kind of innovative thinking that should, with the commitment of all stakeholders, lead to significant opportunities in terms of access to cultural facilities for some of the borough's most deprived residents. Such ambition requires long-term commitment on all sides.

The fundamental issue relates to what, and who, the Beacon is "for". It is clearly a vital community asset but its worth is being constrained by a collective uncertainty defining its objectives and the aims for its use. To resolve this issue, it will be necessary to return to a single, multi-agency regime with the local community at its centre.

The findings on how the local community should be involved build on the work that Overview and Scrutiny undertook in 2005 as part of the Hear/Say Review of Community Engagement⁴⁵. Evidence was received that residents feel that they have been cut out of the management of the Beacon, a facility ostensibly run for their benefit. It is easy to defend such actions by saying that community groups, and individual residents, lack the capacity to engage consistently with complex issues and fail to understand financial and organisational pressures, but the responsibility exists on professionals to build capacity in the local community to assist in the performance of these functions. If a facility is to be built for the benefit of the local community then the local community have to be directly involved in its operation, in a meaningful way.

If the Council wishes to plan for more community cultural centres like the Beacon in Harrow, the public need to be directly involved, other partners needs should be fully integrated, and planning must be carried out within the framework of the broad priorities for both the borough, and, most importantly, for the area in which the proposed centre or facility will be sited. If the Council expects such new facilities to serve community needs, it has to be prepared to step up and support the community, who will lead actively on what these needs are.

Asset management

Looking to the future, the new Comprehensive Area Assessment will require review of the asset base across the borough (not just within the Council) and this will provide an invaluable opportunity for a strategic consideration of the use of assets across the borough. This exercise must also be mindful of the fact that the assets of partners such as the Primary Care Trust are not always under direct control; for example GPs often own their own premises and other health assets are NHS assets controlled nationally.

⁴⁴ http://www.harrow.gov.uk/site/scripts/download_info.php?downloadID=688&fileID=3513

⁴⁵ http://www.harrow.gov.uk/site/scripts/download_info.php?fileID=1405

Schools as community resources

One of the key networks of community premises is schools. Opportunities are afforded to develop this further through initiatives like the Building Schools for the Future programme, the extended schools agenda⁴⁶ and also the growth of children's centres. As our school buildings and school system is reorganised, we have an opportunity to 'build in' community space thereby creating genuine "community schools" with the local community at their heart.

Presently schools independently set their own lettings charges and as such can determine which groups can or cannot access their premises. Despite the extended schools agenda, we have heard that some schools are reluctant to allow various voluntary and community groups to run services from their sites, sometimes viewing them as a threat rather than an opportunity for wider community engagement. We are aware that a number of ad hoc lettings arrangements exist between schools and VCS groups based on history which is not necessarily transparent. We do not intend to dwell on this, as we do not wish to pre-empt any of the more detailed findings from scrutiny's forthcoming review of extended schools as community resources. However it is important that this issue is not lost and its resolution must be a priority. We would recommend that schools be fully engaged in the development of the third sector strategy so that they are engaged with the VCS and see the value it can add to changing agendas for example the extended schools agenda.

Developing a register of Harrow's assets

A step towards addressing the future needs of the Comprehensive Area Assessment as well as identifying local assets that may be currently underutilised would be to draw up a register of Council owned community premises. If championed through the Harrow Strategic Partnership this could also integrate the premises held by partner organisations such as the PCT, and offer a more comprehensive picture of community premises. Set alongside a pan-organisation policy on subsidies for usage, this would demonstrate a more transparent approach than is currently available. With the current suggestions in *Healthcare for London* around optimising use of health assets and new developments involving polyclinics, the potential for better use of community premises as community resources is profound. We recommend that a register of community premises and rooms held by the partner organisations in the HSP be developed alongside protocols for use by the voluntary and community sector.

Scrutiny Recommendation 18 and 19:

To ask the HSP partners to compile a register of their community premises/rooms and develop a protocol for their use by the VCS. To encourage a fairer and more transparent system of community lettings.

To ask the relevant Council directorate(s) (concerned with community lettings especially of schools) to assess the current issues around community lettings (of schools and Council buildings such as the Teachers' Centre and community centres) and offer possible solutions to these. To articulate this assessment and present possible solutions to a scrutiny committee and concurrently feed into scrutiny's review of extended schools.

⁴⁶ Overview and Scrutiny is conducting a separate review of 'extended schools as community resources' over late 2008 and early 2009, to report in Spring 2009.

Asset transfer

A Council-wide strategic approach should consider asset management transfer to the VCS to encourage community ownership or management of premises. This approach can bring about significant benefits for both parties. Traditionally Councils have handed over leases for parks, village halls and other buildings to community groups thereby avoiding sale or closure. This approach would need to be built in to the corporate asset management plan and could be offered up as a model to other statutory bodies such as the police and health sector.

Asset transfer through Community/Development Trusts⁴⁷

We have heard from the Development Trusts Association that work conducted by development trusts in relation to community assets must be carried out in partnership with the local authority, and must be focussed on the idea of enterprise. There is no typical, best practice approach, but successful use of community assets by trusts will always involve a belief in local communities.

The concept the “triple bottom line” comes into play - incorporating economic, social and environmental regeneration, rather than being focussed purely on economic outcomes. There is a risk that it is tempting to distil social benefits by trying to define them in economic terms however this is a difficult path to tread, as it is tricky to place a financial value on many social activities such as helping an old person to become more involved in their local community.

Development trusts need to be community based and managed, but also need to possess commercial skills. In this context, local authorities and VCOs should care about assets and asset transfer. This goes back to the principles originally outlined in the Quirk Review. Essentially, the asset should be considered as the vehicle for empowerment, not the end goal in itself. However, management of the asset does deserve significant thought as it can be very complex and take many years to accomplish successfully.

Many different enterprises can make use of a wide range of local assets as funding exists on a sliding scale, moving from asking for funding (the gift economy) to earning it, through a relationship between a supplier and a consumer. Social enterprise is at this end of the spectrum, with the VCS using their own assets and earning power to finance their own programmes. We recognise however the tension between entrepreneurialism and social benefit that comes with this territory.

Transparency

Transparency has been a theme throughout this review, but in terms of community assets, it can raise problems. For example, if a local group approached the Council with a plan to use a particular building for a particular purpose, would the Council be obliged to put the asset out to tender, inviting others to bid to use it? The presumption tends to be that opening these things out to tender is compulsory. If this is to be the case, then the use of social impact mapping is crucial, to define which proposal is likely to have the maximum possible social utility.

Social enterprise

The idea of social enterprise is for VCOs to be able to make profits which are then used for and invested in the delivery of services for their particular client group. Social enterprises

⁴⁷ The terms of community trust and development trust are used interchangeably.

“look” more like businesses and will generally tend to have a financial approach to match. However, in general they are registered charities. The model for fostering social enterprise and initiating development trusts must be bottom-up – it is first necessary to find someone who can drive the process – a local social entrepreneur, or someone who could fill that role. This is not as straightforward as acquiring an asset and then trying to “fit” a vision into what the asset can allow. The vision, and the drive, has to come first. Brokering trust and relationships takes time and resources.

However there are steps that local authorities can take without waiting to be approached by local social entrepreneurs. Local authorities need to measure the social impact of growing social capital whilst recognising that sometimes social entrepreneurs are reluctant to work with them. To this end, we recommend that the HSP be asked to create an enabling environment in Harrow and nurture a local sense of social enterprise – seek out people with a passion for building social capital.

Scrutiny Recommendation 20:

To task the HSP with creating an environment where creative people can thrive and make best use of community assets. To seek people with a passion for developing social entrepreneurship and social capital.

Emerging recommendations:

To recap our recommendations from this case study on community assets and premises:

- To ask the HSP partners to compile a register of their community premises/rooms and develop a protocol for their use by the VCS. To encourage a fairer and more transparent system of community lettings.
- To ask the relevant Council directorate(s) (concerned with community lettings especially of schools) to assess the current issues around community lettings (of schools and Council buildings such as the Teachers' Centre and community centres) and offer possible solutions to these. To articulate this assessment and present possible solutions to a scrutiny committee and concurrently feed into scrutiny's review of extended schools.
- To task the HSP with creating an environment where creative people can thrive and make best use of community assets. To seek people with a passion for developing social entrepreneurship and social capital.

WHAT OUR VOLUNTARY AND COMMUNITY SECTOR PARTNERS HAVE TOLD US – FEEDBACK FROM SCRUTINY CONFERENCES

We wanted to talk to the sector more widely and therefore set up the consultation sessions held in July (at the end of Phase 1) and November (at the end of Phase 2). Each conference was held twice to maximise the likelihood that people would be able to attend one session.

July conferences⁴⁸

The conferences in July were held in order to:

- Test out the findings so far – what is working well and what could be improved?
- Inform the next stage of the project – which would be looking at possible future models and making recommendations to Cabinet and other decision-makers

We asked three main questions and a summary of headline responses is given below. We used this feedback to help scope the second phase of our work (Summer/Autumn 2008) as well as to inform our modelling of future relationships.

1 - Looking at relationships within your sector and between the Council, voluntary sector and other partners, what is positive and what could be improved?

- Some were of the view that relationships needed to become more formalised – sector-specific forums were cited as a way to involve the voluntary sector more in the decision-making process. Clearer pathways for communication between sectors and agencies were also needed. All of this would help to provide a further level of transparency to the process.
- There is scope to improve communication, between groups and between the sector and the Council. There was a perception of a lack of understanding of roles.
- Some viewed individual relationships as positive, others less so; it was felt that good working should not be dependent on individual relationships and that overall transparency could be improved.
- The importance of continuity of funding was highlighted, as well as the need to recognise the value of the sector. It was also suggested that the voluntary sector should form a more robust network, sharing intelligence and knowledge within the third sector itself.

2 - Looking at the Council/police/Primary Care Trust's contributions to your sector including grants, commissioning and other types of support – what is positive and what could be improved?

- Overall there is a need for better co-ordinated and joined up working – both within the Council and between statutory partners.
- Issues have arisen over financial forward planning, including sharing information. The Council and its partners need to work more effectively to support third sector agencies with financial issues. Others highlighted the need for support to access Council and non-Council sources of funding and support for building and developing skills within the voluntary and community sector.
- The Council application process needs to be transparent, with clarity around priorities. The process needs to be independent, transparent and impartial – a level playing field. The importance of partners basing grants and funding decisions on local needs was also emphasised. Partners need to work better together with the sector to make best use of local intelligence.

⁴⁸ A morning and late afternoon session held on 2 July 2008, in total attended by over 70 people.

- The Compact should identify support and how to access it. The Council should publicise the support which is available, either from itself or from other bodies.
- There was also the perception of too much Council control and the need to ensure monitoring arrangements are proportionate to the financial value of the grant or commissioned service being monitored. A more adaptable solution is needed.

3 - What are the key issues on the horizon for the sector? How can partners work with you to respond to these?

- Resources, particularly premises, were given a high priority as demonstrated by the level of comments in this area. There was a sense that community resources could be used more effectively.
- Recruitment of volunteers will be a challenge in the future, especially given the ageing population and that attracting younger volunteers is difficult. It will also continue to be a challenge to attract volunteers from black and minority ethnic groups.
- Council funding changes may well make a significant difference to the sector in the short and long term.
- Demographic change is likely to have an impact. The voluntary sector and the Council, and other partners, need to share information in order to effectively assess community need.
- Forthcoming policy developments were also highlighted including direct payments and self-directed care and legislative changes impacting on sector e.g. criminal records bureau checks. Others alluded to the challenges associated with a strengthened service delivery role for the sector and the drive to focus on outcomes.

November conferences⁴⁹

The aims of these events were to:

- To share the findings from the evidence gathered by our review group.
- To present the emerging recommendations and models and ask VCS colleagues to comment upon and 'reality check' these.
- To offer the VCS the chance to ask questions about the review.
- To inform our final report.

We asked four main questions:

1. Will the emerging recommendations from scrutiny's review help deliver a strengthened voluntary and community sector in Harrow for the future?
2. Is the Community Trust Model (Model A) appropriate and sustainable to meet the needs of Harrow's voluntary and community sector?
3. Is the Strategic Commissioning Relationships Model (Model B) appropriate and sustainable to meet the needs of Harrow's voluntary and community sector?
4. What factors need to be considered to make scrutiny's vision for the future relationships between the Council, partners and the voluntary and community sector a reality? E.g. ongoing work to support the models, financial sustainability, capacity building and cultural change within organisations etc.

A summary of headline themes from feedback follows.

⁴⁹ A morning and late afternoon session held on 4 November 2008, in total attended by about 50 people.

Capacity issues

Some participants questioned the use of the “small groups” / “large groups” terminology. It was felt that definitions needed to be tightened up. It was thought that mapping needed to be carried out to identify how communities worked together.

Funding

- Some participants expressed their dissatisfaction with the current funding arrangements.
- Our funding findings and recommendations were generally welcomed as being good. However, some thought that work needed to be carried out on the existing criteria with some modifications to the existing criteria made for the coming year, as a transitional arrangement in advance on the establishment of the community trust.
- Any new criteria – including those under which the community trust would need to operate – would be more specific and in line with needs assessments and any putative Third Sector Strategy.
- It was thought that more work would need to be undertaken to clarify how the board of the Community Trust would protect funding – i.e. how it would help to maintain the existing grant pot. It is important that funding for managing the Trust is not taken from the existing grants pot.
- With regard to the proposed funding support officer within the VCS - the responsibilities of such an officer would be significant and their chains of accountability would need to be determined. Most agreed that the costs for this officer would need to come from the Council.

Service Level Agreements

- Most argued forcefully that SLAs needed to be of an appropriate length - 3 years should be a minimum in most cases. Some considered the suggested 5-10 years for an infrastructure organisation too long although others considered that the length of time was appropriate, particularly considering the lengthy nature of the Council's contracts with the private sector. Fiscal sustainability was said to demand this.

Governance – Compact and Harrow Strategic Partnership

- It is considered crucial that there is a clear vision for the future of the voluntary sector.
- All agreed that the Compact needed to have a higher profile, and that it should be followed formally by the VCS and the Council. Smaller VCOs would also need to be involved.
- The concept of a Third Sector Strategy was strongly approved of – although some were dissatisfied with their description as the “third sector”, preferring the “voluntary sector” label. The Third Sector Strategy would need to differentiate between service delivery and grants, agree on sector needs, define workable models for the future and make more detailed proposals on assets and resources. However, most importantly any work carried out in this area would need to establish and take account of the needs of local people, thus allowing the HSP to define which services needed to be commissioned.
- Schools need to be involved much more closely in the process – particularly in the preparation of the Third Sector Strategy.

Commissioning

- The current processes are unsatisfactory, as evidenced by the issues that arose with the LINKs contract. There needs to be a different approach to that which currently operates.

General points

- A number of participants stated that the mere fact that a dialogue had opened up between the Council and the VCS was, in itself, a positive direction.
- It was thought that, in general terms, the recommendations and models were radical – needing to be phased in and closely monitored. It was stressed that they would need cross-party support in order to survive any future change in administration, as well as close partnership working with the PCT.

BUILDING OUR RELATIONSHIP FOR THE FUTURE – MODELLING OPTIONS FOR THE FUTURE

In looking to define the Council and partners' relationships with the voluntary and community sector and how they could be shaped going forward, our findings and subsequent deliberations have led to developing two proposed models for the future. These address the concerns levelled at the current processes, reflect our emerging recommendations and seek to meet the needs of the VCS, both in the short-term immediately and more long-term in the future. These were presented to representatives from the VCS at our conferences in November, and feedback from the VCS has been incorporated into the detail of the two models below.

In essence, Model A provides a more immediate solution to Harrow's grants process while Model B is a longer-term vision for the future encapsulating commissioning. It should be stressed that these proposed models are not mutually exclusive nor are they intended to provide an automatic cure for problems that have been identified. Both require further work around detail and feasibility. To this end the proposed models are intended to provide a structural framework for the improvements already discussed and to improve transparency, enhance VCS capacity, and bring decision-making out into the open.

We make the following recommendations as a result of our deliberations at our modelling workshops where we came up with our visions for future relationships between the Council and VCS.

Scrutiny Recommendations 21 and 22:

To establish a Community Trust for the Council's grants administration processes (and if appropriate, those of partners) and carry out further work on how this can best be achieved - the feasibility of a community trust model for grant-giving in Harrow should be fully explored, scoped and costed, using the scrutiny proposal as a basis. To include developing a better understanding of realistic timescales with regard to implementation and the ability to serve future needs of the borough, for example with regard to the Comprehensive Area Assessment, as well as drawing on the experiences of existing Community Trusts and local authorities who use the Community Trust model.

To conduct a feasibility of the Strategic Relationships Model for commissioning, using the scrutiny proposal as a basis. To include developing a better understanding of realistic timescales with regard to implementation, cultural/organisational shifts required, costs and the ability to serve future needs of the borough.

Model A – Community Trust Model for grants administration and distribution

Purpose

To administer and distribute all grant funding available from the Council, and possibly partners, to the voluntary and community sector.

Rationale for change

The evidence has widely acknowledged that the current member-led Grants Advisory Panel (GAP) approach has a number of shortcomings. In seeking to improve the grants administration process, we considered four models along a spectrum of approaches and these are detailed below. Within each of these we considered how they needed to be developed to facilitate the engagement of the VCS, recognising their different roles, responsibilities, competencies and capacity and acknowledging that one size may not fit all.

Models we considered

- i) Fine-tuning the current approach around the edges while leaving the structure in essence as it is – retaining the GAP and addressing the raised concerns detailed above into a tighter and more transparent process. We rejected this as it did not address some of the inherent shortcomings of the current approach, not least that the VCS has lost faith in a member-led panel and any change must be shown to be radically different to what is currently available.
→ Rejected.
- ii) Shifting the emphasis of the decision-making while retaining the member-led GAP. This would see officers awarding grants against a rigorous set of criteria and the GAP scrutinising the outcomes from the grants awarded. We rejected this again as it does not address the concern raised in (i) that the VCS has lost faith in a member-led approach.
→ Rejected.
- iii) Shifting the emphasis of the decision-making and disbanding the GAP. This would see the setting up a grants administration process, delivered by officers, that encompasses all grants and commissioning resources underpinned by a rigorous set of criteria directly linked to corporate priorities. The sign-off of 'decisions' would be by the Portfolio Holder and/or a 'Community Panel' of whom membership would have a clear criteria for selection, e.g. with no interests in any recipient groups. We rejected this as although it starts to involve the community more in decision-making around grants, the responsibility nonetheless rests with a member. Further, the administrative duties remain with a Council grants unit.
→ Rejected
- iv) Wholesale radical change in disbanding the GAP and setting up a community trust to be overseen by the Harrow Strategic Partnership. Decisions around the expenditure of the Council's (and possibly partners') grants budget are outsourced to a community trust model which is also responsible for scrutinising the outcomes from grants in terms of services delivered and value added. This means that the community decides how grant monies are spent and there is greater scope for a partnership approach in pooling grant pots from across organisations to meet a set of partnership priorities.
→ Accepted - this is our preferred model of grant giving for Harrow and therefore we recommend it as the model for future working.

We propose a fresh start with a Community Trust approach, which we have proposed as Model A, and present in more detail below.

Community Trust approach - outline of operation

- Disband the Grants Advisory Panel and the Council's Grants Unit.
- Commission a Community Trust who will administer the grants administration process, make decisions around the expenditure of the Council's (and possibly partners') grants budget and also scrutinise the outcomes from the grant awards. Our preference is to commission a Community Trust rather than set up a new body, especially given timescales for changes, setting up costs incurred and the need for existing expertise in delivering such a model of grants distribution.
- Ensure a robust service level agreements for the Community Trust to be overseen by the Harrow Strategic Partnership. The HSP is in a good position to negotiate between partners around pooling budgets and being more strategic in grant giving across the borough. We cannot stress enough that a robust SLA for the Community Trust will be critical to its success, as will this SLA addressing all the concerns raised about the current grants process e.g. transparency, effective appeals, robust management, timely process, proportionate monitoring, funds to match applications etc. The SLA should also be Compact compliant and require all officers and panel members to be Compact trained.
- Elect a community panel of local representatives to make decisions relating to grants awards.
- Ensure that Councillors, in consultation with the VCS and other stakeholders, set the priorities for the grants budget encompassing a strategic direction.
- Outsource all voluntary and community sector budget - not just the current Grants Advisory Panel budget, but all monies that go to the VCS (including for example through joint budgets, Children's Fund and SLAs) to be distributed through the Community Trust.
- Award strategic infrastructure groups 5-10 year funding with a review after 3-5 years. Small grants to follow a 3-year funding cycle.
- Form strong links between the Community Trust and both the funding support officer within the VCS (as per our Recommendation 1) so that all organisations can be supported and alerted to alternative funding streams/procurement tenders if needs be and also the relationship manager within the Council (as per our Recommendation 2) as a conduit between the Community Trust and HSP.
- Scrutinise the effectiveness of the grant outcomes through the Performance and Finance scrutiny sub-committee.
- Develop a third sector strategy for the borough (as per our Recommendation 3) to take account of the introduction of a Community Trust model and the support needed during the time of change.

We acknowledge that at this time this model does not address links to more strategic commissioning as the development of a third sector strategy should address this first and foremost. Nor does it address the issue of community lettings, although in the medium-term, it may look to incorporate community lettings into the Community Trust's grants model. In all, we envisage that this model will enable an improved relationship between the Council and VCS because of the increased independence and transparency demonstrated by the Community Trust model. Individual group relationships will be more balanced as the focus shifts more to delivery of outcomes.

Feedback from the VCS at our conference in November considered that the Community Trust option would remove the risk of success in applications being based on "who you know". However, it was also thought by some that there would be issues around

management costs – it was important that the Trust did not take money out of the grants pot for its own core costs. Some thought that there was a risk that the Trust might just be a Grants Panel in new clothes. The Trust would need to report directly into the HSP to make it sustainable and accountable.

We envisage that if a Community Trust model were to be adopted for grant-giving that this would be for the 2011/12 grants round onwards. This allows for a full procurement process, time to set up a trust, consult on changes and for those affected to acclimatise and be supported through changes in funding structures. If the Community Trust model is adopted through the HSP across Strategic Partners (for example joint arrangements for Council and PCT pots of funding), discussions around joint procurement and the roles and responsibilities of individual organisations need to be factored into the timeframe. We encourage Council officers to carry out more detailed feasibility on timescales and the practicalities around implementing such a change. Furthermore we expect that staff affected by the proposed changes in the grant-giving model be fully briefed about the implications of this review's recommendations as early as possible.

Model B – Strategic Commissioning Relationships

Purpose

To demonstrate a more strategic approach to the commissioning relationship between Council departments and voluntary and community sector groups.

Rationale for change

Commissioning across the Council at the moment is uncoordinated and rather unstrategic. VCS groups often receive informal and ad hoc support. There are often a number of relationships between Council departments and VCS groups although the extent to these are not, and at presently cannot, be mapped.

Providing the option to channel relationships through a strategic umbrella body in the VCS and to a single point of information/signposting within the Council (as per our Recommendation 2) offers more groups equality of access and information than is currently the case.

Models we considered

In trying to tease out the relationships between Council departments, their links to corporate priorities, services delivered and how this relates to VCS services we were focused on the need for a more transparent and coordinated approach to commissioning services. We considered a number of models⁵⁰ with various linkages between these factors and arrived at Model B as the best fit-for purpose approach.

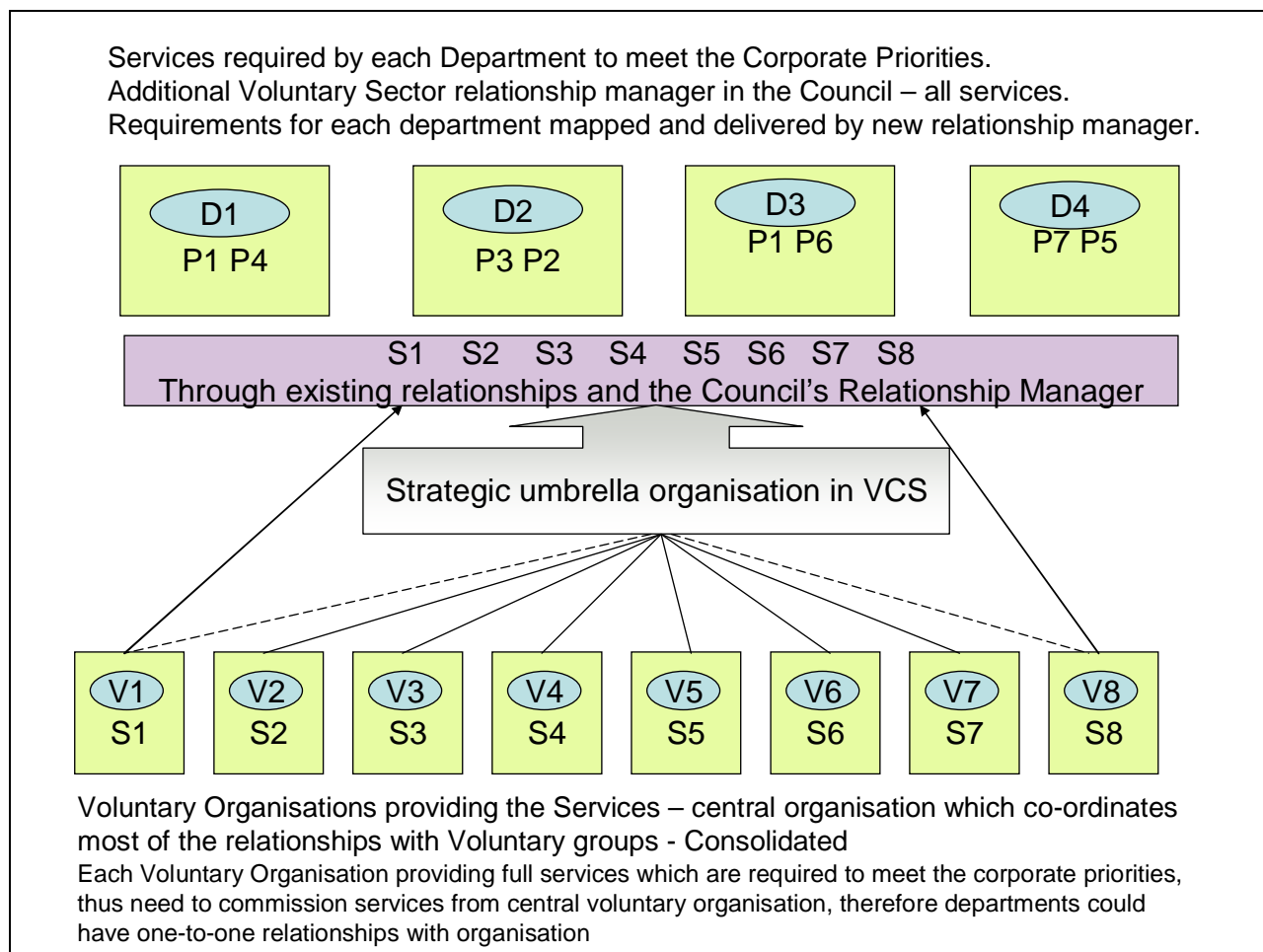
This reflects our discussions around the need for a system based on service delivery outcomes, breaking down silo mentalities and being more bottom-up than is currently the case. We reflected upon our recommendations detailed above with regard to strengthening the relationships between the Council and VCS through having a main point of entry to access the plethora of information coming from the Council. The relationship manager appears to be a possible conduit within the Council and a strategic umbrella body within the VCS an ideal conduit for entry to VCS information and to coordinate relationships between the Council and VCS at large. These two therefore need to be

⁵⁰ Diagrams available from Scrutiny Unit upon request.

inextricably linked and therefore form the centre of our model. That is however not to preclude groups from having one-to-one relationships with the Council if that relationship is already developed and working well. What the conduits allow for is an equality of access between the Council and VCS where relationships, services or groups are newer or perhaps not as well developed. And as such, supplement and complement existing relationships between VCS groups and Council directorates.

Outline of operation

- Council mapping and delivery of service requirements through an information portal for the VCS. This relationship is consolidated through a strategic umbrella organisation within the VCS e.g. HAVS as a possible central organisation.
- Tasking a strategic, umbrella body within the VCS to manage commissioning relationships with the Council. Provision of full services by each voluntary organisation required to meet the Council's corporate priorities, thus there is a need to commission services from central voluntary organisation. Council departments therefore can have one-to-one relationships with many organisations.
- Focusing more on joint commissioning – this model arguably makes the joint commissioning process more straightforward, especially if suitably linked into the HSP.
- Although initially designed to address issues with commissioning structures and processes, expanding the model to define the more general relationships between people and organisations is possible.



D=Council department; P=corporate priority; S=service; V=voluntary group

This model of the commissioning relationship focuses on the Council as a commissioning body however it could fit within a wider model of relationships with the voluntary and

community sector as a whole. Furthermore, there is scope to consider joint commissioning through HSP links and possibly the Community Trust Model as a grant-giving arm.

We stress that this is a framework model and we recognise that it is not as thoroughly developed as the more immediate 'ready to go' Model A. We would envisage that more detail should be fleshed out to this conceptual framework through consultation and conversations with the relevant players and as such, Model B remains a potential model for the long term. We see this as a longer-term vision for the Council and VCS as it requires more of a shift in cultural and organisational mindsets – a shift that is however both desired and needed given the wish for more strategic commissioning and the ability to work across organisations to deliver outcomes for local people, as emphasised by the Comprehensive Area Assessment regime and the importance this places on enabling a thriving VCS.

Amalgamating the models

Could the two models fit together over time? We think that this is a long-term possibility as Models A and B are not mutually exclusive. Crudely speaking, Model A offers a more immediate solution to concerns around the grants process. Model B is a longer-term vision in addressing strategic commissioning relationships. Both of these will need cultural change and support however there is no reason why they should not be able to dovetail.

We recognise that there is still work to do on developing these models, especially around feasibility issues, and particularly with regard to commissioning and community premises in the Community Trust model. However we see the development of a third sector strategy as a vehicle for exploring these issues and to arrive at a more considered view with the VCS as to whether Models A and B can develop separately and/or dovetail over time.

The Council's relationship manager, as recommended in this review, could serve as a information portal to any Community Trust distributing Council grants and also to the HSP and the other pots of monies held by the Strategic Partners.

We see no reason why in the long term the Community Trust for grants distribution (and possibly management of community lettings) should not be able to feed into this model through its links with the Council and also the HSP. Indeed although this model of strategic commissioning is first and foremost for the Council, it could equally be applied for other organisations within the HSP. A further question to explore could be that of how/where the HSP fits into this model or indeed how this model fits into the HSP.

Feedback from the VCS through our conferences in November showed general agreement with our own conclusion that Models A and B should be complementary. On its own, Model A was considered to be too limited in scope, given that it did not address commissioning issues, but combined with Model B it would be more effective. Many participants considered that Model A should be implemented first, with Model B being a more medium and long term target – particularly considering capacity issues within the Council, the PCT and the VCS in dealing with commissioning issues.

APPENDICES

APPENDIX A: RECOMMENDATIONS MATRIX

KEY:

Prioritisation
(Timescale):

S: Requiring action immediately

M: Requiring action in medium term

L: Requiring action in long term

Incorporated
information (info):

O: Evidence received from officers
(Council/PCT)

BP: Evidence received from “best practice”

LP: Evidence received from local people

VG: Evidence received from voluntary groups

PH: Evidence received from relevant portfolio
holder(s)

Recommendation	Timescale	Identified officer/ member/ group to action	Info	Partnership (Yes/No)	Action taken (6 months or 1 year)
<p>Recommendation 1: To have a Council-financed funding support officer within the voluntary and community sector (VCS) to support groups in a variety of ways e.g. grant applications, adapting to any changes in the grants process, developing funding strategies, meeting monitoring requirements, procurement processes, community assets. To work closely with the Council’s external funding officer.</p>	<p>S – within 6 months</p>	<p>Harrow Council Chief Executive</p>	<p>O VG</p>	<p>Yes</p>	

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

Recommendation	Timescale	Identified officer/ member/ group to action	Info	Partnership (Yes/No)	Action taken (6 months or 1 year)
<p>Recommendation 2: To have a relationship manager at the Council to act as a signpost for groups in the voluntary and community sector and a support in the event of difficulties in the relationship between any Council service and any VCS group.</p>	S - Immediate	Harrow Council Chief Executive and VCS representatives on the HSP	O VG	Yes	
<p>Recommendation 3: To develop a third sector strategy for Harrow that seeks to define the local relationship with the VCS and invests in VCS development in line with partnership priorities. The third sector strategy should also seek to address the recognised gaps in the models developed and proposed by the scrutiny review - Community Trust model (for example gaps in commissioning and premises) and further work on the model of commissioning in the Strategic Relationships model.</p>	M – 12 months	HSP – Harrow Chief Executives Group	O BP VG	Yes	
<p>Recommendation 4: To ask VCS representatives on the Harrow Strategic Partnership to feed back more systematically to sector colleagues through regular emails or as updates in existing newsletters.</p>	S - Immediate	Voluntary and Community Sector Forum	O VG	Yes	
<p>Recommendation 5: To recognise the real opportunity to develop volunteering in Harrow where supply of volunteers outstrips demand – investing more resource to build the capacity of the Volunteer Centre Harrow to provide an infrastructure and support to small voluntary groups in recruiting and training volunteers and coordinating skills for day-to-day management of groups.</p>	M – 12 months	HSP	O BP VG	Yes	
<p>Recommendation 6: To advertise the Volunteer Centre Harrow on the Harrow Council website.</p>	S - Immediate	Harrow Council Head of Communications	VG	Yes	
<p>Recommendation 7: To consider outsourcing the management of the 'Harrow Heroes' awards ceremony to the VCS so that it is a peer-led awards scheme, recognising the contribution of groups as well as individuals.</p>	S - 6 months by Spring 2009	Harrow Council Director of Community and Cultural Services	O VG	Yes	

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

Recommendation	Timescale	Identified officer/ member/ group to action	Info	Partnership (Yes/No)	Action taken (6 months or 1 year)
<p>Recommendation 8: To develop robust governance arrangements for the Compact, to include refreshing the document every two years, promoting the Compact and its way of working, formalising conflict resolution (providing a framework for stage 1 complaints). To be the responsibility of a new Compact Board of representatives to feed up to the HSP, and therefore not reliant on individuals.</p>	S – 6 months	HSP Board	O VG	Yes	
<p>Recommendation 9: To produce a reader-friendly summary of the new compact document and distribute this to Councillors, officers and colleagues in the voluntary and community sector.</p>	S – 6 months	HSP Board	VG	Yes	
<p>Recommendation 10: To roll out training on the Compact and what it means to partnership working. To be included in members' training, management/officer training and training within the VCS and other partner organisations within the HSP, to raise awareness and understanding. a) Agree that Member development for the Grants Advisory Panel be undertaken to increase awareness of the principles of the Harrow Compact and to support Members in developing a fuller understanding of the pressures and challenges faced by the sector. (Please note that part a) of the recommendation was agreed by Cabinet through the interim report).</p>	S – Immediate (January) and ongoing	HSP	O VG	Yes	
<p>Recommendation 11: To rationalise the grant-giving process – to clearly define processes, appeals mechanisms and adherence to these in order to improve consistency and transparency.</p>	M – for the 2010/11 grants round	Harrow Council Chief Executive Leader, Strategy, Partnership and Finance Portfolio Holder	O BP VG	No	
<p>Recommendation 12: To move towards three-year funding commitments through grants so as to encourage stability and more scope for planning ahead</p>	M – for the 2010/11 grants round	Harrow Council Chief Executive	O BP VG	No	

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

Recommendation	Timescale	Identified officer/ member/ group to action	Info	Partnership (Yes/No)	Action taken (6 months or 1 year)
within the voluntary and community sector.		Leader, Strategy, Partnership and Finance Portfolio Holder			
Recommendation 13: To consider a longer-term approach (5-10year funding) for service level agreements awarded to VCS infrastructure organisations.	M – for the 2010/11 grants round	Harrow Council Chief Executive Leader, Strategy, Partnership and Finance Portfolio Holder	O BP VG	No	
Recommendation 14: To agree that the 2009-10 grants round should be conducted in full compliance with the existing criteria and process and in a transparent way. Please note that this recommendation was agreed by Cabinet through the interim report.	S – for the 2009/10 grants round	Cabinet – already agreed	O VG PH	No	
Recommendation 15: For the Grants Advisory Panel to engage with the VCS to consider the criteria for the 2010/11 grants round and take account of the concerns raised through this scrutiny review about the current system. To bring these proposals to a scrutiny challenge panel in preparation for the 2010/11 grants application process.	M – for the 2010/11 grants round	Grants Advisory Panel		Yes	
Recommendation 16: To ensure that all procurement exercises and available premises are advertised in a regular email/newsletter and that the VCS be on that distribution list. To also raise awareness with the VCS that the Council's webpages for procurement include much help and advice on accessing procurement routes.	S – 3 months	Harrow Council Corporate Director Finance Chief Executive of Harrow Association of Voluntary Services	O VG	Yes	
Recommendation 17: To optimise the VCS' access to procurement exercises through	S – 3 months	Harrow Council Corporate Director	O VG	Yes	

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

Recommendation	Timescale	Identified officer/ member/ group to action	Info	Partnership (Yes/No)	Action taken (6 months or 1 year)
thorough and fair assessment of the procurement requirements necessary for each tendering exercise.		Finance HSP			
Recommendation 18: To ask the HSP partners to compile a register of their community premises/rooms and develop a protocol for their use by the VCS. To encourage a fairer and more transparent system of community lettings.	S – 6 months	HSP	O VG	Yes	
Recommendation 19: To ask the relevant Council directorate(s) (concerned with community lettings especially of schools) to assess the current issues around community lettings (of schools and Council buildings such as the Teachers' Centre and community centres) and offer possible solutions to these. To articulate this assessment and present possible solutions to a scrutiny committee and concurrently feed into scrutiny's review of extended schools.	S – 6 months	Harrow Council Chief Executive	O VG	No	
Recommendation 20: To task the HSP with creating an environment where creative people can thrive and make best use of community assets. To seek people with a passion for developing social entrepreneurship and social capital.	S – Immediate Ongoing work	HSP		Yes	
Recommendation 21: To establish a Community Trust for the Council's grants administration processes (and if appropriate, those of partners) and carry out further work on how this can best be achieved - the feasibility of a community trust model for grant-giving in Harrow should be fully explored, scoped and costed, using the scrutiny proposal as a basis. To include developing a better understanding of realistic timescales with regard to implementation and the ability to serve future needs of the borough, for example with regard to the Comprehensive Area Assessment, as well as drawing on the experiences of existing Community Trusts and local authorities who use the Community Trust model.	M/L – 6- 8months for feasibility work Community Trust to be in place by 2011/12 grants round	Harrow Council Chief Executive	O BP VG	Yes	

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

Recommendation	Timescale	Identified officer/ member/ group to action	Info	Partnership (Yes/No)	Action taken (6 months or 1 year)
<p>Recommendation 22: To conduct a feasibility of the Strategic Relationships Model for commissioning, using the scrutiny proposal as a basis. To include developing a better understanding of realistic timescales with regard to implementation, cultural/organisational shifts required, costs and the ability to serve future needs of the borough.</p>	M – 12 months	Harrow Council Chief Executive	O VG	No	

**APPENDIX B: AGREED SCOPE FOR THE SCRUTINY REVIEW
DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY
SECTOR FOR HARROW**

1	SUBJECT	Delivering a strengthened voluntary and community sector
2	COMMITTEE	Overview and Scrutiny Committee
3	REVIEW GROUP	<p>Cllr Sheinwald (Chairman) Cllr Akhtar (Phase 1) Cllr Asante Cllr Champagnie (Phase 1) Cllr Davine Cllr Gate Cllr Idaikkadar Cllr Kara Cllr Kinnear Cllr Macleod-Cullinane (Phase 1) Cllr Solanki Cllr Teli Cllr Versallion Ramji Chauhan (parent governor representative) Mohamed Ali, Iwanaaji Somali Disabled Association Julie Browne, Kids Can Achieve (Phase 1) Mike Coker, Director, Community Link Up Julia Smith, Chief Executive, HAVS John Woolf, Woodcraft Folk Julie Bellchambers, Harrow Voluntary Youth Workers Forum (Phase 2)</p>
4	AIMS/ OBJECTIVES/ OUTCOMES	<p>To undertake a strategic review of the role the voluntary and community sector plays, with the Council and other partners, in improving the quality of life of Harrow residents:</p> <ul style="list-style-type: none"> • To define the Council and partners' relationships with the voluntary and community sector, how they stand as is and how they could be shaped going forward • To evaluate how effectively the Council, partners and the voluntary and community sector work together in achieving key strategic aims for Harrow as set out in the Community Plan and Local Area Agreement • To evaluate the current Harrow Compact in the light of national policy direction and principles, as well as local circumstances. • To evaluate the Council's support to the sector and make recommendations for improvement • To identify blockages to improving and strengthening the relationship with the sector and to make recommendations for improvement
5	MEASURES OF	<ul style="list-style-type: none"> • Clear and transparent relationship between the Council and

	SUCCESS OF REVIEW	<p>the voluntary sector, including funding relationships</p> <ul style="list-style-type: none"> • The Council and the voluntary sector have clear understanding about their respective roles in delivering the strategic aims of the borough • Clarification of the long-term strategic priorities of the partnership in respect of its relationship with the sector • Clear, two-way, expectations for the values and behaviours of the partners and voluntary and community sector and how they will work together.
6	SCOPE	<ul style="list-style-type: none"> • To review how effectively the Council, its partners and the voluntary and community sector work together in delivering the strategic aims of the borough (including the Community Plan and Local Area Agreement) • To review the effectiveness of the Harrow Compact in defining and supporting the relationship with the voluntary and community sector in Harrow (including the Compact codes) • To identify how the Council works with the voluntary and community sector in understanding and identifying local needs and how this informs the setting of priorities • To consider how the Council should make decisions about funding and how such decisions are governed and monitored in order to ensure accountability and transparency • To explore how the Council should use a combination of commissioning, contracting and grants to enable a voluntary and community sector which builds capacity and delivers the strategic aims of the borough • To explore how the Council supports the voluntary sector in building capacity and accessing support from other sources
7	SERVICE PRIORITIES (Corporate/Dept)	Community Plan and Local Area Agreement
8	REVIEW SPONSORS	Myfanwy Barrett, Corporate Director of Finance (on behalf of the Corporate Strategy Board) Julia Smith, Chief Executive, Harrow Association of Voluntary Service
9	ACCOUNTABLE MANAGER	Lynne McAdam, Service Manager Scrutiny
10	SUPPORT OFFICER	Heather Smith, Scrutiny Officer
11	ADMINISTRATIVE SUPPORT	Scrutiny Officer
12	EXTERNAL INPUT	<ul style="list-style-type: none"> • Members of the Harrow Strategic Partnership as appropriate • Grant making partners – Harrow PCT, Harrow Police • A range of voluntary and community sector groups through consultation activities
13	METHODOLOGY	Visioning

		<ul style="list-style-type: none"> • To examine what constitutes an effective vision for delivering a strengthened voluntary and community sector and enabling the delivery of the strategic aims of the borough • To understand the strengths and weaknesses of existing relationships and how they could be improved <p>Evaluation of Harrow Compact</p> <p>To evaluate the effectiveness of the Compact and associated codes:</p> <ul style="list-style-type: none"> • Evaluation of existing Compact overall • Compare with practice from other authorities • Identify areas for improvement <ul style="list-style-type: none"> ➢ Are the actions identified the right ones? ➢ Are there any gaps? ➢ Are there any local arrangements or circumstances that should be reflected? • Examine practical considerations, such as how disagreements are managed and addressed • To evaluate the codes – funding and procurement code, black and minority ethnic organisations code, disability code, volunteer code, consultation code <p>Funding and procurement</p> <p>To evaluate the effectiveness of current financial support and decision-making processes:</p> <ul style="list-style-type: none"> • To review the code • Gather evidence from 'grant givers' – roundtable with Grant Advisory Panel Chair, officers involved in developing service level agreements, other partners (particularly PCT) who are engaged in providing support to the sector • To explore the effectiveness of alternative models through best practice from other authorities (possibly involving a visit) • Evidence from focus groups • To consider the grant making process including application process, decision-making criteria (for example the 80% rule) and transparency, and monitoring (including benefit to the community) <p>Overall approach</p> <ul style="list-style-type: none"> • To consult stakeholders - focus groups to be undertaken with: <ul style="list-style-type: none"> ➢ SLA funded groups ➢ Grant funded groups ➢ Strategic/umbrella groups ➢ Unfunded groups • To compare Harrow's practice with other areas and with national best practice (to include London Councils, Barnet, Croydon and/or others as appropriate) • To undertake a mapping exercise to establish Council interactions to support to the sector, including funding relationships and the use of community facilities
--	--	--

		<ul style="list-style-type: none"> • To challenge local assumptions • To seek out innovation and efficiencies
14	EQUALITY IMPLICATIONS	<p>Equality considerations will be paramount to this review. Scrutiny should consider how equality implications have been taken into consideration in current policy and practice and consider the possible implications of any changes it recommends.</p> <p>In carrying out the project the review group will need to consider its own practice and how it can facilitate the enabling of the voice and concerns of the voluntary and community sector to be heard.</p>
15	ASSUMPTIONS/ CONSTRAINTS	The scope of the review will be restricted to the Council's relationship with the voluntary and community sector rather than being extended to the third sector, which encompasses a far wider range of bodies.
16	SECTION 17 IMPLICATIONS	The review will need to have regard to the possible community safety implications of any recommended changes to policy.
17	TIMESCALE	To inform the grants round for 2009/10 the review will need to have completed its activities by summer 2008.
18	RESOURCE COMMITMENTS	<ul style="list-style-type: none"> • 1 x Scrutiny Officer • Input from Community Development and Policy and Partnerships teams.
19	REPORT AUTHOR	Scrutiny Officer directed by review group.
20	REPORTING ARRANGEMENTS	<p>Outline of formal reporting process:</p> <p>To Service Director [✓] throughout the process and when developing recommendations</p> <p>To Portfolio Holder [✓] early in the process and when developing recommendations</p> <p>Stage 1</p> <p>To O&S [✓] by 8 July 2008 (interim report)</p> <p>To CSB [✓] regular reports on progress</p> <p>To Cabinet [✓] 17 July 2008</p> <p>Stage 2</p> <p>To CSB [✓] 19 November 2008</p> <p>To O&S [✓] 9 December 2008</p> <p>To Cabinet [✓] 18 December 2008</p>
21	FOLLOW UP ARRANGEMENTS (proposals)	Initial monitoring by O&S (after 6 months) then monitoring by the Performance and Finances scrutiny sub committee on an exception basis.

APPENDIX C - LIST OF REVIEW MEMBERS, PARTICIPANTS AND WITNESSES

Scrutiny Review – Delivering a Strengthened Voluntary and Community Sector for Harrow, Phase 1 (March to July 2008)

	REVIEW GROUP MEETING	1 – Scoping	2 – Review progress	3 – Compact and commissioning	4 – Commissioning	5 – Q&A with the Leader	6 – Roundtable discussion with local funders	7 – Review progress on interim report	8 - Review progress / Scoping Stage 2	9 – Visit to London Councils	CASE STUDY 1 - Funding	1 – Interviews: preparations and interview sessions	CASE STUDY 2: Compact	1 – Desktop review	CASE STUDY 3: Past reviews	1 – Desktop review	CONSULTATION CONFERENCE
<u>MEMBERS</u>																	
Councillor Stanley Sheinwald (Chairman)	YES	✓	✓	✓	✓	✓	✓	✓	✓		YES	✓					✓
Councillor Husain Akhtar*	YES	✓	✓	✓											YES		
Councillor Nana Asante	YES		✓	✓	✓	✓	✓	✓	✓	✓	YES	✓			YES	✓	✓
Councillor Lurline Champagne	YES	✓		✓	✓		✓				YES						
Councillor Margaret Davine	YES	✓	✓	✓	✓	✓	✓			✓		✓	YES	✓	YES	✓	✓
Councillor Brian Gate	YES		✓	✓	✓	✓	✓	✓	✓				YES				✓
Councillor Thaya Idaikkadar	YES			✓							YES						
Councillor Manji Kara	YES	✓	✓	✓	✓		✓						YES				✓
Councillor Eileen Kinnear	YES	✓	✓		✓	✓	✓						YES	✓			
Councillor Barry Macleod-Cullinane*	YES	✓	✓	✓													
Councillor Dinesh Solanki	YES				✓	✓	✓	✓	✓								✓
Councillor Yogesh Teli	YES	✓	✓		✓	✓	✓	✓	✓	✓			YES				✓
Councillor Mark Versallion	YES		✓	✓	✓			✓	✓		YES	✓					
<u>CO-OPTEES</u>																	
Ramji Chauhan, Parent governor	YES	✓		✓		✓	✓	✓	✓		YES				YES		
Mohamed Ali, Iwanaaji Somali Disabled Association	YES			✓			✓		✓		YES				YES		✓
Julie Browne, Kids Can Achieve	YES	✓			✓			✓	✓				YES				✓

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

	REVIEW GROUP MEETING	1 – Scoping	2 – Review progress	3 – Compact and commissioning	4 – Commissioning	5 – Q&A with the Leader	6 – Roundtable discussion with local funders	7 – Review progress on interim report	8 - Review progress / Scoping Stage 2	9 – Visit to London Councils	CASE STUDY 1 - Funding	1 – Interviews: preparations and interview sessions	CASE STUDY 2: Compact	1 – Desktop review	CASE STUDY 3: Past reviews	1 – Desktop review	CONSULTATION CONFERENCE
Mike Coker, Community Link Up	YES	✓	✓	✓	✓	✓	✓	✓	✓		YES	✓					✓
Julia Smith, Harrow Association of Voluntary Service	YES	✓	✓	✓		✓		✓	✓				YES	✓	YES	✓	✓
John Woolf, Woodcraft Folk	YES	✓		✓	✓	✓		✓	✓				YES				✓
WITNESSES																	
Mike Howes, HC Policy & Partnerships Manager			✓	✓		✓			✓								✓
Kashmir Takhar, HC Deputy Head of Services Community Development			✓									✓					
Paul Barasi, Compact Voice				✓													
David Freeman, Policy Manager LB Croydon				✓													
Joyce Harvie, HC Integrated Youth Support Service Manager					✓												
Audrey Salmon, HC Children's Fund Manager					✓												
Stuart Dalton, HC Adults & Children's Complaints Manager					✓												
Mark Gillett, HC Divisional Director Commissioning & Partnership Adults & Housing					✓												
Councillor David Ashton, Leader of Harrow Council						✓	✓										
Myfanwy Barrett, HC Corporate Director Finance						✓	✓										
Mark Bamlett, Harrow PCT							✓										

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

	REVIEW GROUP MEETING	1 – Scoping	2 – Review progress	3 – Compact and commissioning	4 – Commissioning	5 – Q&A with the Leader	6 – Roundtable discussion with local funders	7 – Review progress on interim report	8 - Review progress / Scoping Stage 2	9 – Visit to London Councils	CASE STUDY 1 - Funding	1 – Interviews: preparations and interview sessions	CASE STUDY 2: Compact	1 – Desktop review	CASE STUDY 3: Past reviews	1 – Desktop review	CONSULTATION CONFERENCE
Andrew Bland, Harrow PCT Acting Director of Commissioning & Delivery							✓										
Alisdair Ferguson, Chief Inspector Harrow Police							✓										
Councillor Chris Mote, former Leader of the Council												✓					
Councillor Anjana Patel, former Portfolio Holder for Community and Cultural Services												✓					
Javed Khan, HC Director of Community and Cultural Services												✓					
Mike Coker, Community Link Up												✓					
Deven Pillay, HC Interim Head of Community Development Services												✓					
Malcolm John, HC External Funding Officer												✓					

HC = Harrow Council

* member of the review group until May 2008 following changes made at Annual Council

Scrutiny Review – Delivering a Strengthened Voluntary and Community Sector for Harrow, Phase 2 (August to November 2008)

	CASE STUDY 1: Partnership Working	1 – Role of the voluntary sector	2 – Relationships between sectors	3 – Volunteering	4 – Visit to Merton	CASE STUDY 2: Harrow Compact	1 – Harrow Compact	CASE STUDY 3: Funding	1 – Theory & best practice	2 – Procurement methodologies	3 – Grants versus commissioning	4 – Community leadership & community trusts	CASE STUDY 4: Community assets & premises	1 – Theory & best practice	2 – Management in partnership	REVIEW GROUP MEETING	1 - Modelling	2 - Modelling	3 – Final review group meeting	CONFERENCE
MEMBERS																				
Councillor Nana Asante	YES		✓	✓	✓			YES	✓	✓	✓	✓	YES		✓	YES	✓	✓	✓	✓
Councillor Margaret Davine	YES	✓	✓			YES							YES	✓	✓	YES	✓	✓	✓	✓
Councillor Yogesh Teli	YES	✓	✓	✓		YES	✓					✓				YES		✓	✓	✓
Councillor Dinesh Solanki	YES							YES			✓	✓				YES	✓		✓	✓
Councillor Brian Gate						YES										YES				
Councillor Manji Kara						YES	✓	YES				✓				YES				✓
Councillor Eileen Kinnear						YES		YES			✓	✓				YES			✓	
Councillor Thaya Idaikkadar								YES								YES				
Councillor Stanley Sheinwald								YES	✓	✓	✓					YES	✓	✓	✓	✓
Councillor Mark Versallion								YES		✓						YES			✓	✓
CO-OPTEES																				
Mohamed Ali, Iwanaaji Somali Disabled Association	YES							YES					YES							✓
Julia Smith, Harrow Association of Voluntary Service	YES	✓	✓			YES							YES	✓				✓	✓	✓
Ramji Chauhan, Parent governor	YES	✓		✓				YES		✓		✓	YES							
John Woolf, Woodcraft						YES	✓										✓	✓	✓	✓

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

	CASE STUDY 1: Partnership Working	1 – Role of the voluntary sector	2 – Relationships between sectors	3 – Volunteering	4 – Visit to Merton	CASE STUDY 2: Harrow Compact	1 – Harrow Compact	CASE STUDY 3: Funding	1 – Theory & best practice	2 – Procurement methodologies	3 – Grants versus commissioning	4 – Community leadership & community trusts	CASE STUDY 4: Community assets & premises	1 – Theory & best practice	2 – Management in partnership	REVIEW GROUP MEETING	1 - Modelling	2 - Modelling	3 – Final review group meeting	CONFERENCE	
Folk																					
Mike Coker, Community Link Up								YES	✓	✓	✓	✓					✓	✓	✓		
Julie Bellchambers, Harrow Voluntary Youth Workers Forum													YES	✓	✓				✓		
WITNESSES																					
Councillor Joyce Nickolay, Grants Advisory Panel									✓												
Mike Howes, HC Policy & Partnerships Manager		✓	✓				✓		✓					✓	✓						
Desiree Mahoney, HC Community Engagement Officer										✓											
Lisa Parker, HC Corporate Procurement										✓											
Myfanwy Barrett, HC Corporate Director Finance										✓											
Deven Pillay, HC Interim Head of Community Development Services											✓										
Peter Singh, HC Senior Professional Service Development (Adults)											✓										
Annette Furley, Audit Commission											✓										
Andrew Bland, Harrow			✓																		

SCRUTINY REVIEW: 'DELIVERING A STRENGTHENED VOLUNTARY AND COMMUNITY SECTOR FOR HARROW'

	CASE STUDY 1: Partnership Working	1 – Role of the voluntary sector	2 – Relationships between sectors	3 – Volunteering	4 – Visit to Merton	CASE STUDY 2: Harrow Compact	1 – Harrow Compact	CASE STUDY 3: Funding	1 – Theory & best practice	2 – Procurement methodologies	3 – Grants versus commissioning	4 – Community leadership & community trusts	CASE STUDY 4: Community assets & premises	1 – Theory & best practice	2 – Management in partnership	REVIEW GROUP MEETING	1 - Modelling	2 - Modelling	3 – Final review group meeting	CONFERENCE
Primary Care Trust																				
Allen Pluck, Harrow in Business			✓																	
Jacqui Mace, Stanmore College			✓																	
Sarah Kersey, Volunteer Centre Harrow				✓																
Joanna Stuart, Institute for Volunteering Research				✓																
Robert Bowler, Voluntary Sector Support Officer LB Merton					✓															
Daniel Moore, Scrutiny Officer LB Merton					✓															
Patrick Vernon, NW London Community Trust												✓								
Leah McPherson, Policy Manager LB Ealing												✓								
Linda Damerell, London Regional Manager - Development Trusts Association															✓					
Louisa Bailey, London Development Officer - Development Trusts Association															✓					

HC = Harrow Council

APPENDIX D: REPORTING HISTORY AND FURTHER INFORMATION

REPORT DRAFTING HISTORY

Version 1 completed 10 October 2008

Version 2 completed 5 November 2008

Version 3 completed 13 November 2008

Version 4 completed 26 November 2008

FURTHER INFORMATION

For more information on the work of this Scrutiny Review Group, please contact:

Nahreen Matlib, Senior Professional Scrutiny

Address: Scrutiny Team, Harrow Council, PO Box 57, Civic Centre (3rd Floor West Wing),
Harrow HA1 2XF

Tel: 020 8420 9204

Email: nahreen.matlib@harrow.gov.uk

Website: www.harrow.gov.uk/scrutiny