



# Haringey Council Commissioning & Funding Framework Guide for the Voluntary Sector

Sustainability – moving towards a  
commissioning model

## Document control

Document details	
Document name	Commissioning & Funding Framework
Document version number	<i>V1.0</i>
Document status	<i>Draft</i>
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Approved by	<i>Cabinet</i>
Scheduled review date	<i>December 2013</i>

Version History		
Version	Change/Reasons for Change	Date
V0.1	<i>Initial draft</i>	<i>10<sup>th</sup> May 2011</i>
V0.2	<i>Second draft</i>	<i>15<sup>th</sup> July 2011</i>
V1.0	<i>Final</i>	<i>30<sup>th</sup> November 2011</i>

Approval history		
Version	Approving body	Date
V0.1	<i>CEMB</i>	<i>10<sup>th</sup> May 2011</i>
V0.1	<i>CAB</i>	<i>26<sup>th</sup> May 2011</i>
V0.2	<i>Voluntary Sector Review Board</i>	<i>1<sup>st</sup> July 2011</i>
V1.0	<i>Final for Cabinet</i>	<i>20<sup>th</sup> December 2011</i>

## ***IMPORTANT NOTE***

*The proposals contained within this funding framework are subject to any future changes (including budget constraints)*

*To take account of changing policy and legislation this Framework will be informally refreshed on an annual basis and formally reviewed every two years.*

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## **Voluntary Sector - Statement of Strategic Intent**

This commissioning and funding framework sets out Haringey Council's strategic intent for Haringey's Voluntary Sector which will determine our approach to relationships, commissioning and funding. Our aspiration is for a fairer Haringey with partners working together to address the inequality and improve the life chances of residents, especially in the more deprived parts of the Borough.

### **Haringey's Vision for the Voluntary Sector**

A sustainable and independent Voluntary Sector:

Working in partnership with public and private sectors to reduce inequalities and poverty, strengthen cohesion and building community leadership to improve the lives of residents of Haringey.

### **Defining the Voluntary Sector**

The "Voluntary Sector" can be defined in a number of ways. For the purposes of the Council's Strategy we have defined it as:

**Not for profit independent, voluntary and community groups or organisations formed by local people, or those with a local interest, to improve the quality of lives for themselves and/or others in Haringey.**

**These include a range of registered charities; voluntary organisations; community groups; faith groups involved in social action; community interest companies, mutuals and co-operatives and social enterprises.**

### **In Haringey we value:**

- A Voluntary Sector that is independent, varied, organic and reflective of Haringey's diverse community;
- A Voluntary Sector which advocates for residents and both supports and challenges the Council in addressing identified needs through positive and constructive relationships; and
- Strategic partners helping to achieve community outcomes, in particular
  - Fairness and equality;
  - Access and voice for vulnerable and seldom heard residents; and
  - Cohesive, active and empowered citizens.

### **We now face a public sector funding challenge which will impact on the Voluntary Sector and therefore we need:**

- Clarity about the basis upon which the Council engages with Voluntary Sector Organisations;

- Value for money from relationships with the Voluntary Sector, including positive partnerships, effective and efficient delivery of contracts, or no relationship where there is nothing to be gained from having one;
- Fair, transparent and consistent approaches to Voluntary Sector commissioning and funding arrangements across the Council;
- **Transparency:** There will be fair processes with clear decision making criteria;
- **Efficiency:** We will work with Voluntary Sector organisations in a consistent way which aims to be fair and equitable, and ensures we achieve maximum value for money;
- **Personalised:** We will involve the community in decision making and make sure funding reflects local aspirations; and,
- **Partnership:** We will adhere to the principles of the [Community Engagement Framework](#) to make sure that people can have their say, are listened to, and are involved in making decisions, and to the Haringey [Compact](#) way of working which promotes good practice in partnership.

**We will enable this to happen by:**

**1. Communicating and committing to deliver our strategic intent:**

- Complying with the Haringey Compact while acknowledging that in some instances the scale and pace of public sector shrinkage might make this difficult for consultation arrangements, funding and (de)commissioning processes, and premises commitments;
- Ensuring we communicate the nature of the challenges and, where possible, work out solutions with the Voluntary Sector;
- Being honest and not making false promises: and,
- Providing information which is readily available to the Council and which would be helpful to Voluntary Sector organisations e.g. Borough statistics and upcoming procurements and funding opportunities.

**2. Having constructive relationships with organisations whether we fund them or not:**

- Starting from the position that the Voluntary Sector is independent of the Council and has its own reasons for being which are valid;
- Valuing and respecting the Voluntary Sector for what it has to offer;
- Engaging in dialogue and partnerships where it is mutually beneficial to do so;
- Being clear about the nature of relationships - consultative, partnership, regulator etc;
- Being honest about the financial context within which we are operating;
- Recognising that the Council has a role to play in encouraging a market where local organisations (or consortia of local organisations) have the opportunity and incentive to deliver services;
- Encouraging Voluntary Sector organisations to work together where it would be beneficial to do so; and
- Strengthening links with elected Members.

## 1. Introduction

The Council's Voluntary Sector Strategy 2011-2016 was developed in 2010/11, and sets out the Council's priorities for working with the community and voluntary sector in a time of fundamental change in the public sector nationally. Reductions in the amount of money available to Councils for investing in the voluntary sector means that we must rethink the way in which we fund and work with voluntary sector partners. The Council needs to achieve best value for money and concentrate its resources to those functions and organisations that can deliver the best possible outcomes for the residents of Haringey.

This Commissioning and Funding Framework sets out the Council's intentions to move to a commissioning model for funding of the Voluntary Sector, with a central principle of enabling the sector to play a significant role in delivering more innovative, diverse and responsive public services.

This will result in some changes and opportunities for increased funding for organisations delivering specific services linked to acknowledged Council priorities. The need for services from some currently funded groups will reduce and therefore some organisations may not be successful in applying for future funding. Advice and support for alternative external funding sources will be available to all organisations.

### **Our commitment in delivering this commissioning and funding framework**

We will endeavour to:

- Facilitate the engagement of local community groups in the Commissioning Process;
- Develop a future investment approach, looking at external sources of investment and funding, and give priority to commissioning services from organisations that can also source external funding for their activities;
- Support the sustainable development of voluntary organisations by signposting and facilitating access, where possible, to external and non-public sector sources of funding;
- Give priority to local Haringey organisations where appropriate, but also look at sub-regional commissioning with other local authorities where it makes sense to do so;
- Support the sustainable development of Voluntary organisations by maintaining, where possible, longer term funding;
- Recognise the importance of infrastructure and volunteering to the Voluntary Sector and where appropriate provide support to continue its development;
- Capacity build within the sector, to help organisations gear up to deliver Council services and projects;

- Allocate funding, contracts and other resources against clear, relevant and consistent criteria.;
- Commission services with targeted investment and outcomes-based contracting;
- Ensure that procurement and contracting processes are transparent and fair, facilitating the involvement of the broadest range of providers, including considering sub-contracting and consortia building where appropriate;
- Work with GP Clinical Commissioning Groups and other commissioning organisations around joint commissioning opportunities with the voluntary sector;
- Accept the principle of full cost recovery, in funding voluntary and community organisations, to help them to meet the true cost of providing services;
- Give honest and timely feedback to funded organisations about successes or deficiencies in performance;
- Work towards the alignment of policies and systems across and within funding agencies;
- Ensure prompt payment of small grants and contracts;
- Give timely information to voluntary and community groups about funding opportunities and decisions (before the end of the current grant/contract period); and,
- Design application and performance management systems that are proportionate and meet the needs of smaller voluntary and community groups.

## 2 Scope of the Commissioning Framework

This Framework sets out the approach the Council will use to allocate resources to the voluntary sector.

**The commissioning process can be defined as:**

**The process of assessing needs, procurement, allocating resources, defining priorities and choices, determining how they are best delivered, overseeing implementation and delivery, evaluating impact and learning from the process.**

This Framework has been designed to apply to the commissioning of the Council's services that have been identified as being potentially suitable for delivery by the Voluntary Sector. The framework will be applied by all Directorates in the Council who currently grant fund the Voluntary Sector. It also replaces the procedures applying to the Core Grants Programme.

### Links to Haringey COMPACT

This Commissioning Framework has been written taking into account the Haringey COMPACT Guidance.

The Council is committed to the development of relationships with the Voluntary and Sector, particularly **local** Voluntary Sector organisations, and will adhere to Compact guidance in our partnerships with the Voluntary Sector.

### Links to Equalities and social inclusion

As a public authority, Haringey Council is required by law to carry out equal opportunities monitoring of everything we do to make sure that all sections of the community have access to the Council whether in terms of jobs or services.

The council's Equal Opportunities Policy has a standard monitoring form which covers all the nine protected characteristics (Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Sex (formerly Gender), Race, Religion or Belief and Sexual Orientation) identified in the Equality Act 2010.

The Council wishes to promote social inclusion in Haringey by introducing a coordinated approach to its work and is working with partners to develop a set of principles to guide our work.

A full Equality Impact Assessment on the Commissioning and Funding Framework and its effect has been undertaken and can be found at.



### 3 Key elements of our approach

Key to this commissioning and funding framework is that Council funding should be allocated according to strategic objectives and resident priorities. It is clear that changes are needed to modernise the funding relationship the Council has with the voluntary sector in order to meet current challenges.

In February 2011 the Council agreed a set of criteria against which commissioning and funding of the voluntary sector will be allocated. These are set out in the table below:

Criteria	Rationale
<b>Link to strategic priorities e.g.</b> - council priorities - Sustainable Community Strategy Outcomes - agreed HSP thematic board outcomes	How this activity is essential to achieving council and partnership priorities
<b>Link to statutory obligations</b>	Why the council needs to fund this activity
<b>Maximise outcomes: link into performance measures</b>	How this activity improves the health and wellbeing of local communities
<b>Impact / effect / improvement(s) of service delivery to local community</b>	<ul style="list-style-type: none"> <li>• How we can focus this activity on people most in need</li> <li>• What can make this activity more effective</li> <li>• Other local bodies exist which could provide this activity e.g. the private sector, third sector or citizens could provide this activity, whole or in part</li> <li>• How we make sure that payment to service providers links to achievement</li> </ul>
<b>Maximise value for money: including long- and short-term financial savings</b>	How we can provide this activity at lower cost
<b>Local connection/presence in Haringey</b>	Support local organisations and businesses where appropriate.

Each Directorate in the Council will be responsible for developing a commissioning brief, setting out details of their commissioning proposal, and how this will be procured. Commissioning briefs will be linked to the criteria set out above.

The commissioning framework will apply to funding allocations over £5,000 per annum

## **4 Core principles of the Commissioning and Funding Framework**

The following principles form an integral part of this Commissioning and Funding Framework.

### **Contribution to priorities**

Funding allocations must contribute towards achievement of Council priorities, fulfil a legislative requirement or build capacity in the Voluntary Sector.

The Council values Haringey as a community with active citizens, engaged and involved in service delivery. We will encourage and support communities to take the lead themselves without intervention from the Council. We want to promote volunteering and active communities with services being provided on a more local level, better suited to local needs.

The Council will be seeking to deliver the right balance of universal, targeted and specialist services to meet the needs of the community which have a positive impact on reducing inequality – we want to make the best use of our key strategic borough-wide information to ensure that everyone has access to the services they need whether these are provided by the Council or another organisation; and that those who are most in need get the most benefit from our limited resources.

### **Service / Outcome basis**

Funding should relate to an activity or service to be provided.

Monitoring and evaluation should be based on delivery of quantifiable outcomes agreed at the start of funding. Funded activities will be expected to deliver the agreed specified outcomes.

### **Fair, open and transparent process**

The commissioning and funding process should be fair, open, and transparent across the Council.

### **Proportionate funding arrangements**

The funding process will be proportionate with less onerous processes and requirements for small amounts of funding, to reflect the lower risk involved.

We want to continue to support small and emerging organisations, as well as those Voluntary Sector organisations who may not be eligible to enter into the commissioning process. A Small Grants Scheme will be available for new innovative projects, one-off purchases or development investment that are able to demonstrate clear links to Council priorities. Annual bids will be invited for small funding of up to £5,000. These arrangements will be covered by a funding agreement with reduced requirements and monitoring.

Commissioning of services and projects will be Directorate-led following the development of Directorate Commissioning Briefs. These will provide the specification of the Council's requirements. Where necessary, joint commissioning will take place

with one Directorate acting as the lead commissioner. Full details of the Commissioning Process can be found at Appendix A.

### **Longer term funding**

In order to promote stability, and where it represents good value for money to do so, there is an expectation that commissioning will result in funding being agreed for three years. However, the length of funding will ultimately be determined by the needs of the service or outcome, as set out in the Directorate Commissioning Briefs. It is noted that, where Council funding (for example a ring-fenced grant received by the Council) are confirmed on an annual basis, longer-term agreements will not be possible.

### **Full cost recovery**

The Council recognises Full Cost Recovery as an integral part of commissioning services. When submitting commissioning bids, organisations should identify all project costs, both direct and indirect, that the funding is intended to cover. Full Cost Recovery will not apply to the Small Grants Scheme.

### **Reserves**

Voluntary Sector organisations are expected to comply with Charity Commission guidelines, and should have written policies on their minimum level of reserves.

### **Partnership working**

Opportunities for innovative and collaborative projects, sharing of resources or partnership working should be developed where possible in order to make best use of limited resources.

We will also encourage, or ask for explicitly where appropriate, Voluntary Sector organisations to consider entering into consortia arrangements when submitting commissioning bids.

The Council firmly believes that partnership working can improve outcomes for local people. We want to ensure we work closely with other public sector agencies, and in doing so create more localised and joined up public services.

### **Value for money**

Services delivered by the Council will be required to demonstrate clear value for money and to operate in the most efficient manner delivering clear outcomes. Some services that are currently delivered by the Council will be commissioned from other efficient and cost effective providers such as social enterprises, voluntary and community organisations, or the private sector.

Organisations receiving funding to deliver services will need to demonstrate that good value for money is offered, in particular demonstrating added value. Organisations are encouraged to demonstrate this by having a clear strategy for maximising income from other sources and reducing the need for Council funding.

## **5 Timescales for implementation**

From the 1<sup>st</sup> January 2012, any new funding rounds or programmes coming on stream that are appropriate to the VCS will follow the Framework principles.

## Appendix A – The Commissioning Process

### 1. Aims of the Commissioning Process/Small Grants Schemes

Commissioning will be undertaken on the basis that all stakeholders want the best services available for the residents of Haringey.

Voluntary sector organisations often play two distinct roles in the commissioning process, as partners and as providers:

- **Partners** –involved in the assessment of needs and design of services as well as monitoring and evaluation. They represent services users, either specific groups of users, but also acting as representatives for particular sections of the community (including those who do not use their service); and,
- **Providers** –involved in a contractual relationship with the Council (with the exception of small grants) whereby their capacity to deliver is assessed through formal processes and are monitored against outcomes.

The identification of services capable of being delivered by the Voluntary Sector is therefore extremely important. The Council will endeavour to build on and refresh existing in-depth needs assessment (Haringey’s joint strategic needs assessment) to establish funding priorities for Haringey which will then be scored through a matrix which considers for example;

- Evidence of Need;
- Evidence of Community Demand;
- Alignment with Haringey Council Priorities;
- Cross cutting impact;
- Evidence of other sources of income;
- Evidence of local presence
- Evidence of existing service provision in delivering good outcomes;
- Gaps in current provision; and,
- Likelihood of achieving significant impact.

All funding allocations will contribute to the Council’s Priorities.

Commissioning will be Directorate –led following the development of Directorate Commissioning Briefs. These Briefs will provide a specification for each area of funding and will ask organisations to demonstrate how their proposed activities will contribute to the desired outcomes and priorities which the Council has determined.

Small Grants Schemes are intended to target new innovative projects, one-off purchases or development investment. These arrangements will be covered by a funding agreement with reduced requirements and monitoring.

## 2. Eligibility of funding

Long term funding through strategic commissioning will depend on various factors:

- Whether the service to be funded is provided by an organisation whose work is already established within the defined service area to be commissioned;
- Security of a service area with providers known and working together;
- Whether the organisation is addressing a defined priority identified by the Council;
- Funding is for outputs/outcomes to be agreed before the start of the contract;
- The Council will develop a clear definition of acceptable core costs within a context of full cost recovery;
- The outputs/outcomes are measurable;
- The organisation has satisfactorily developed quality assurance measures; and
- The service area is dynamic and innovative, with new service providers still emerging and funding the organisation will fulfil a legislative requirement.

**Voluntary organisations will need to demonstrate that they:**

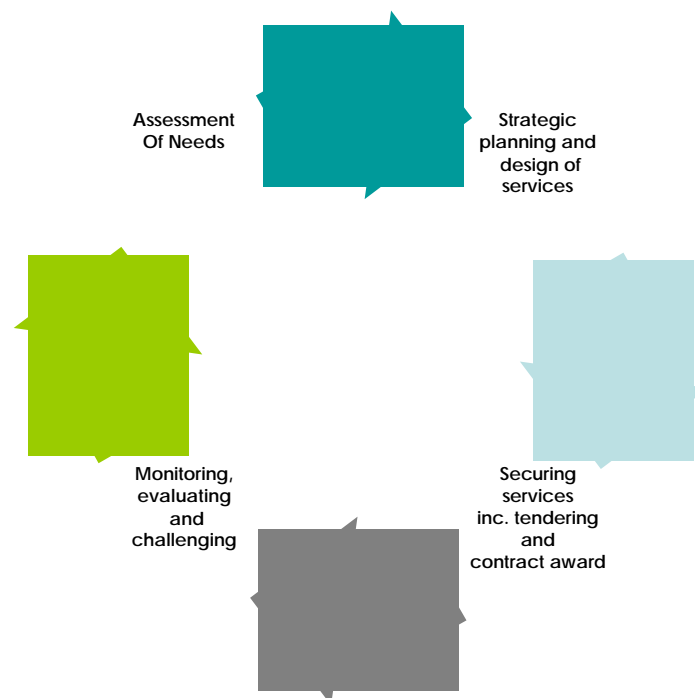
- Have the proper skills to manage the effective use of funds and can comply with agreed financial arrangements (including the submission of budgets and accounts);
- Have a clear constitution incorporating democratic and effective management arrangements;
- Have in place monitoring information to reflect the take up of their service and actions to address inequality;
- Have clear systems to seek feedback from users on the quality of service they provide and can demonstrate they have taken action to respond to feedback they have received;
- Have a clear strategy for maximising income from other sources with commitments to try to secure additional external funding;
- Can provide suitable monitoring and evaluation procedures in respect of the work undertaken by the organisation;
- Conform to equal opportunities policies in employment and service delivery;
- Have made their best effort to implement any statutory duties that the Council is required to implement, and can demonstrate how the work of the organisation contributes to these objectives;

- Have ensured that access to the services they provide meet the requirements of the Equality Act 2010 on disability;
- Are able to demonstrate that steps are taken to eliminate discrimination, harassment, victimisation and to promote equality of opportunity and good relations between persons and reflect non discrimination for all sectors of the community (race, religion; disability; sex; age; sexual orientation, gender identity) when performing the functions of the organisation. In particular, developing systems to deal with incidents of discrimination and harassment for all groups;
- Work with Council to source External funding, that meets borough priorities; and
- When working in collaboration with other organisations (consortia), ensure due diligence in governance arrangements including safeguarding of assets and appropriate risk management.

### 3. The Commissioning Cycle

Commissioning follows a regular and continuous cycle, with monitoring and evaluation feeding into the assessment of needs in the next cycle. It also includes the process of decommissioning, which should ensure that resource allocations align with changing needs and priorities. De-commissioning can happen at any point in the cycle as a result of changing priorities, new evidence of what works, or changes to funding circumstances that make it necessary to review current provision.

Below is a very basic version of the commissioning cycle, cut down to its essential elements. There may be additional stages depending on the type of service being commissioned, however all commissioning cycles should include these stages as a requirement.



The stages in the cycle are set out in more detail below, and include detail about the Council's proposed approach.

### 3.1 Assessment of Needs

Information is continually gathered to inform the commissioning process. This may include: needs analysis, service and market mapping, value for money, finance and performance benchmarking, service users' views and aspirations, stakeholders' views and policies, best practice, policy, priorities, resources.

### 3.2 Strategic Planning and Design of Services

Directorate Commissioning Briefs will set out the commissioning intentions and will ensure that funding contributes to delivering priorities.

Each Council Directorate will develop a Directorate Commissioning Brief drawing on the information gathered during the Assessment of Needs stage. The Brief will address Council and Directorate priorities and set out a specification asking organisations to demonstrate how they will contribute to the need or business case and outcomes and priorities required. The Commissioning Brief will indicate the duration of funding and the process and assessment criteria that will be used to assess proposals. The Commissioning Brief will indicate any associated budget.

The Commissioning Brief will indicate the method of commissioning, in line with the Council's Contract Standing Orders. This can range from negotiations with current providers (for contracts with a total value of less than £5,000) through to a full open bidding process. The method of commissioning will depend on the value of the contract, which is determined by factors such as the outcomes to be achieved, the extent of the provider market and the length of time for which funding will be available.

The value of a contract is calculated as the sum total of each year's funding, plus any extension. For example, a 3 year contract with an annual value of £5,000 has a contract value of £15,000. If this contract had an option to extend for 1 year, then it would have a contract value of £20,000.

Commissioning Briefs will be published on the Council's website, where possible, for at least six weeks to enable any interested organisation to prepare their application.

#### (a) Registering your interest

Organisations will be asked to register their interest in a either by 'Compete4' or other agreed method. Compete4 is the Council's electronic procurement system. Full instructions on how to register an interest will be given in the Brief. Organisations wishing to put forward a proposal should first ensure they meet the eligibility criteria for funding as set out in the Brief.



(b) Initial Assessment

Organisations may be invited to complete an initial assessment depending on the commissioning process used. This assessment will ask organisations for example to provide certain key information and evidence about their Organisation, around Health & Safety, Equality, Diversity, Finance and Environmental issues. Commissioners will assess the information and evidence provided this stage and invite successful Organisations to submit a full proposal. Where the Council is undertaking a formal tender for services, this is known as a Pre-Qualifying Questionnaire (PQQ).

(c) Full Proposal form

Organisations who have passed the initial assessment stage will be invited to submit their application. Where there is no initial assessment stage, Organisations will move straight to this stage of the process. Where possible, at least six weeks will be available for the completion of proposal forms from the date the Council's Commissioning Brief is published.

(d) Appraisal of the Proposals

Commissioners will assess the proposals received against assessment criteria as set out in the Commissioning Brief. These criteria will consider:

- Eligibility criteria and document completeness
- The proposal itself e.g. how it addresses the commissioning intention, whether the project costs are reasonable, evidence of partnership working, track record of delivery, ability to deliver, value for money/added value for money etc.

(e) Commissioning Decision

Directorates will develop suitable decision-making processes involving an appraisal with recommendations that are reported to senior managers within the Directorate before becoming the subject of an Executive Decision. Commissioning decisions should be based on achieving added value for money.

(f) Notification of results

All Organisations who have submitted proposals will be informed of the decision as soon as possible and will receive feedback on their proposal if unsuccessful. Organisations wishing to comment on the Commissioning decision should write to the Commissioner in the first instance, in line with the Council's Complaints Procedure.

(g) Contract Award

Directorate Commissioners will issue a contract to the successful organisation(s) . The terms and conditions of contract will be proportionate to the level of funding. The commissioned activities will be delivered from the start date of the contract and will be

monitored, reviewed and evaluated in line with the terms set out in that contract. Funding will cease at the end of the contract.

The Council maintains a database of grants and funding allocations to voluntary sector organisations which will be used to support the commissioning process and to eliminate the risk of duplicate funding.

#### (h) Notice Periods

The Council believes that in the interests of supporting the development of a strong, confident and independent Voluntary Sector, funded organisations should receive adequate notice if it becomes clear during the contract period that their funding will be altered significantly or not continued, especially where they employ staff.

A standard minimum notice period of three months will apply regardless of length of the funding agreement, covering notification to Organisations of the agreement to be renegotiated or terminating early. The Council expects funding agreements to last for their full time period, unless exceptional circumstances (such as a change in legislation or further reductions to Central Government funding) arise.

### 3.3 Monitoring and Evaluation

Directorate Commissioners will be responsible for monitoring, reviewing and evaluating services as they are delivered in accordance with the terms in the contract. Directorate Commissioners will also be responsible for keeping Commissioning Briefs under consideration. If significant alterations are required, (for example, due to changing priorities or needs) it is expected that the Commissioning Brief will be revised in consultation with relevant stakeholders and agreed and published as described above.

Reviewing Commissioning Briefs will enable Commissioners to give an evaluation of the services and an indication of the likelihood that the services will continue, alter or cease, at least one year from the end date of the contract (for a three year agreement). Where services are to continue, the commissioning process will re-commence as detailed above. All Organisations, as before, will have the opportunity to apply.

The Council encourages Organisations to develop 'exit strategies' to handle the transition between funding streams particularly for fixed term funding.

### 3.4 Small Grants Schemes

The Council recognises that many smaller or emerging organisations may not be able to take on commissioned services or activities through the process outlined above. The Council recognises that many of these voluntary organisations continue to fulfil a vital role in our local community and require only a small amount of support to carry out that role or develop their activities. Small Grants Schemes will be available for new innovative projects, one-off purchases or development investment. Bids will need to demonstrate clear links to Council priorities. These arrangements will be covered by a funding agreement with reduced requirements and monitoring.

It is important to note that religious or political activities and commercial or business activities (excluding social enterprise) will not be eligible for grant funding under the Small Grants Scheme. The Council will not accept bids for grant funding to cover spend that has already taken place.

Small Grant Scheme applications will not need to consider Full Cost Recovery and will, where funding is available, be administered annually by relevant Directorates, reflecting corporate and directorate priorities.