

**Manchester City Council
Report for Resolution**

Report to: Communities and Equalities Scrutiny Committee - 4 January 2017

Subject: Our Manchester Voluntary and Community Sector Funding

Report of: Deputy Chief Executive (Growth and Neighbourhoods) and the Strategic Director Adult Social Services

Summary

This report updates Members on how the Council is developing its approach to funding the Voluntary and Community Sector (VCS) Sector, including the infrastructure service, for the future. It asks for Members' views on the consultation paper attached at Appendix 1.

Recommendations

Members are asked for their views on the consultation paper put forward by an MCC/CCG/VCS co-design group, and to request a further report to the March meeting of this Committee.

Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

None

1.0 Introduction

- 1.1 This summer the City Council committed to undertake a co-design process¹ with representatives from the voluntary sector, and the Clinical Commissioning Groups. The purpose of this process was to generate options for future VCS funding, for wider consultation.
- 1.2 All Members received a briefing on this subject at the beginning of August 2016 and three well attended workshops were held with voluntary sector groups, currently funded and unfunded, in August and September.
- 1.3 One of the 'we wills' in the Manchester Strategy is:

Continue to work with the voluntary and community sector to find new ways of reaching those communities that remain untouched by Manchester's success, creating resilient and vibrant communities of people.

The fundamental purpose of this work is to make that commitment real.

2.0 Background

- 2.1 The Council currently has 15 voluntary sector grant funding streams. We also fund the voluntary sector through contracts to provide a range of services. In addition, we fund a voluntary sector (infrastructure) support service to run a volunteer centre, provide capacity building support to VCS groups and represent the sector on strategic bodies.
- 2.2 Much of this existing funding pays for work based in communities and broadly fits into a model of neighbourhood services: Good Neighbours groups working with older people, carers' organisations working with different communities, community associations providing activities across age ranges. Some other work, such as equalities, is focussed on communities of identity rather than place.
- 2.3 On 4th March 2016 the City Council agreed to extend most of the existing VCS grants and some contracts until the end of March 2017. In November 2016 we indicated to existing funded groups our intention to extend current arrangements again, until the end of September 2017, to allow this redesign process to be completed.
- 2.4 Not all Council funding to the VCS is included in this new approach. VCS organisations large and small provide a broad range of specified services under contract, sometimes alongside private providers e.g. homecare, supported housing, this funding is not included. The following is included:

- Equalities funding programme

¹ More information about the co-design process can be found here:
<https://www.manchestercommunitycentral.org/policy-and-influence/our-manchester-vcs-funding-co-design-group>

- Health and wellbeing grants
- VCS mental health contracts
- Carers' groups contracts
- Community association grants
- Voluntary sector support (infrastructure)
- Some small miscellaneous VCS contracts

2.5 Discussions are underway as to the connections between this funding and the emerging Single Commissioning Function (MCC and Clinical Commissioning Groups (CCGs)).

3.0 Models for future funding

3.1 The co-design group has gone through a structured process to consider how the Council can best strategically deploy its funding to the voluntary sector. The main aim of our funding has to be to build and maintain a stable and resilient voluntary sector which is capable of working with all of our residents across communities of place, identity and interest. At the same time, the group was mindful that this funding c.£3m a year, is a relatively small amount across the city and cannot be expected to deliver fundamental change on its own.

3.2 The co-design group is made up of colleagues from the voluntary sector, the City Council and the CCGs. Macc, our voluntary sector infrastructure organisation organised the voluntary sector membership. Full details of the membership of the co-design group, including email addresses, were published on Macc's website at the start of the process. Notes of each of the co-design group's four meetings were also published after each had taken place. All of our funded voluntary sector groups, and everyone who attended our workshops in the summer, were sent a link to the relevant page on the website.

3.3 The outputs of the co-design process so far are:

- Objectives for future funding
- Key criteria for judging whether models will meet the objectives
- Procurement principles
- Two funding models
- Explanation of the consequences and benefits of each model
- Different models for infrastructure support
- A consultation paper inviting comments and alternatives to the criteria and the models

3.4 The consultation paper is attached at Appendix 1. At the time of writing Communications staff are working on the web version of this document. The final wording and layout may therefore differ in some respects.

4.0 Infrastructure support

4.1 In the context of this work and the broader budget position, Members have asked for some further information about the infrastructure, or voluntary sector support, service. This is currently provided under contract by Macc.

4.2 The current service covers a wide range of activity which can be grouped into three categories:

- **Capacity building:** Supporting, advising and training new and existing voluntary sector groups to improve their governance, business plan, diversify their funding, take on community assets, deal with crisis, find other support etc.
- **Volunteer Centre Manchester:** recruit Manchester residents as volunteers and place them with appropriate organisations, work with volunteer involving organisations to improve their practice.
- **Engagement, policy and voice:** run the Voluntary Sector Assembly c. 4 times a year, engage with the private sector and make links with voluntary sector groups. Represent the sector on key bodies such as the Health and Wellbeing Board, the Children's Board, the Work and Skills Partnership, and many others.

4.3 The Committee has asked for some practical examples of the impact of this service. These examples are drawn from Macc's website² and from the quarterly monitoring reports provided.

- **Governance:** Manchester Afghan Women's Association (MAWA) is a newly formed group supporting Afghan women living in Manchester. MAWA runs a Dari and Pashto language school for children at Beswick library. Mothers can also meet and socialise. The group hope to widen their activities. Macc is supporting MAWA to: help the trustees understand their roles and responsibilities; ensure the governing document is fit for purpose; manage any conflicts of interest and ensure they have the right policies and procedures in place and are using these in the running of the organisation. In addition to face-to-face meetings, email and phone support, the group has attended a session which helped them gather and prioritise their ideas. MAWA now wants to apply for small pots of funding
"MAWA has found the advice and guidance given to them by Macc invaluable. We wouldn't have been able to do this without the help of Sarah. Thank you, Macc!"
- **Fundraising:** Since February 2016, Macc has worked with Fabulous Fan Fayre (F3) to run information events to raise awareness of a unique initiative available to VCS organisations to generate unrestricted funding. The F3 Not for Profit programme at Manchester City Football Club wants VCS organisations to run as many of their 85 kiosks as possible. There are two types of kiosks (food and beer) a percentage of the profits generated is paid to the group. Additional incentives can boost the income organisations can raise. During the last financial year charities engaged in the scheme have taken a share of £60,000. Organisations currently running kiosks say the F3 initiative has offered the security of a sustainable, regular income. The volunteers who run the kiosks are gaining experience, skills knowledge and confidence. There is a short film about this project available at Link:
<http://tinyurl.com/jgrjbdu>

² <https://www.manchestercommunitycentral.org/support-groups/case-studies>

- **Funding support:** During the past 9 months (Jan-Sept 2016) Macc has helped 60 groups bring in a total of £888,000 of funding. Alongside this Macc provides a funding search engine for local VCS groups free of charge and provides training and support to enable them to use it, create strong bids and become more sustainable. During 2016 over 2000 funding searches were conducted on this facility.
Link: <https://www.manchestercommunitycentral.org/support-groups/search-funding>
- **Volunteering:** Volunteer Centre Manchester is accredited by Volunteering England. Over 16,000 Manchester residents are registered with the centre. Having a Volunteer Centre in Manchester has reversed the pre 2013 trend of numbers of Manchester residents volunteering outside the city.
- **Policy and influence:** Two of the roles of the policy and influence team are to connect VCS organisations with each other and with statutory organisations. As part of this work the team facilitated a series of meetings that brought together organisations working with carers, with representatives from Manchester City Council and CCGs. These meetings led to a carer's network, in which carers organisations work collaboratively, and to a plan for work with carers in the city.

4.3 Beyond the detail of our contract with Macc the organisation also plays a wider role in Manchester and in Greater Manchester positioning the voluntary sector in relation to the big strategic change agendas of devolution and health and social care integration, as well as other policy issues pertinent to the sector and generally promoting the voluntary and community sector's work in the city, ensuring that the work of small local groups working in neighbourhoods is valued and supported.

- **Grants programmes:** Macc has now started providing grants management and administration, helping to get more funding into local organisations across Manchester. Most recently a total of £330K has been awarded to 35 projects to increase the level of support offered to people with mental health problems who find it difficult to access existing services in their neighbourhoods. These funds are from the CCGs combined to create a grants programme working with the Council and mental health service users. Macc publishes open data about the grants it distributes including details of which wards the funds go to.
- **Spirit of Manchester:** this is Macc's annual programme to celebrate and raise the profile of local voluntary groups across the city. It now includes an annual festival, social media campaigns, fundraising, a mini-grants programme and an awards programme. This is a city-wide celebration which highlights the work of community groups, volunteers, charities and social enterprises in the city. This year's Festival included over 70 events all across the city between 1st and 10th October. The Spirit of Manchester Awards are now an annual competition and event. Macc received 121 nominations for the 2016 awards, 35 of which were shortlisted by an independent judging panel. Examples of the award categories include: Volunteer of the year, Equalities Award, Most Successful Campaign, Best Community Space and Business Citizenship. 300 people attended the Awards evening held on 6th October and the winners were selected by the audience in a live vote.

Link: <https://www.manchestercommunitycentral.org/spirit-manchester-awards>
That's Manchester TV produced a short film of the 2016 awards event:
<https://www.youtube.com/watch?v=9z7y0SLhA9I>

5.0 Next steps

- 5.1 The consultation paper will shortly be released on the Council's website. It will be sent to all funded groups and all others who attended the initial workshops in the summer. The consultation will be open to anyone to respond. We expect the consultation to run for 4 weeks.
- 5.2 During this period we will also run a further three workshops to enable groups and service users to discuss the models and feed in their views.
- 5.3 Once the consultation has closed, the co-design group will meet to review the feedback received and start to shape the detail of the new model. Further work to produce paperwork etc will be carried out by an officer group, overseen by the Our Manchester weekly meeting, chaired by the Deputy Chief Executive, Growth and Neighbourhoods.
- 5.4 A further progress report can be provided to the March meeting of this Committee, if requested.

Our Manchester VCS Funding

Introduction

Manchester City Council believes the voluntary, community and social enterprise (VCSE) sector plays a key role in the life of our city. We want to make sure we use our funding of the sector in the most effective way, supporting the sector to support Manchester residents. One of the 'we wills' in the Our Manchester Strategy is:

Continue to work with the voluntary and community sector to find new ways of reaching those communities that remain untouched by Manchester's success, creating resilient and vibrant communities of people.

Over the past few months we have been using a co-design process¹ to work with colleagues in the voluntary sector and the NHS Clinical Commissioning Groups to come up with some options for a new way of funding the voluntary sector in Manchester, helping to make Our Manchester real. This document explains two funding models we have co-designed and asks for your comments and ideas.

Objectives of Our Manchester VCS Funding

The co-design group felt the high level aims of the Our Manchester strategy must be at the heart of any future funding model:

1. Have a strong sense of citizenship and pride in the city
2. Create new jobs accessible to Manchester residents, reducing the number out of work
3. Ensure everybody is paid at least a real living wage
4. Reduce the gap between our residents' wages and the average wage earned in the city
5. Improve school results so that they are significantly better than the UK average
6. Increase the proportion of graduates and number of apprentices in the city
7. Collectively improve our health and wellbeing and be more active as adults and children
8. Be a cleaner, litter-free city
9. Build well-designed, energy-efficient, sustainable and affordable homes to rent and buy
10. Maintain the balance between incomes and housing costs
11. Be known for high life-quality, better green spaces and world-class sport, leisure and culture
12. Have an integrated, smart and affordable transport system
13. Be on a path to being a zero-carbon city by 2050
14. Be a beacon for sustainable design
15. Increase productivity for the benefit of the city and the UK as a whole.

The Our Manchester principles are particularly relevant to the voluntary sector's ethos:

- Better Lives (it's about people),
- Listening (we listen, learn and respond),
- Recognising Strengths of Individuals and Communities (we start from strengths),
- Working Together (we build relationships and create conversations)

¹ For more information about the co-design process: <https://www.manchestercommunitycentral.org/policy-and-influence/our-manchester-vcs-funding-co-design-group>

Since April 2016, many of our currently funded voluntary sector groups have been working to the following, drawn from the Manchester Strategy:

- Inspire the next generation to be the best they can be
- Support the positive contribution older people make
- Work to improve the resilience of individuals and communities
- Support people to find work, stay in work and progress at work
- Increase volunteering across the city
- Collectively improve our health and wellbeing and be more active as adults and children

Manchester Locality Plan

The Manchester Locality Plan sets out a vision for an integrated health and social care offer organised around 12 neighbourhood patches which supports Manchester residents to improve their own health and wellbeing.

In order to achieve these objectives Manchester needs:

A resilient and stable VCSE sector.

Achieving the Objectives

The co-design group identified the following criteria that will help us meet the objectives above and against which we felt we should judge proposed funding models.

Strong relationships between Manchester City Council, other public bodies and VCSE organisations

Requires the local authority to have a well-structured and adequately resourced relationship management process. Clear processes will need to be in place to enable information to be shared between VCSE organisations themselves and also between VCSE organisations, Manchester City Council and other public bodies and for that information to be used to inform strategic and operational development.

Strong relationships between VCSE and private sector organisations

Funding should encourage and enable strong relationships between VCSE organisations and private organisations.

Collaborative working

VCSE organisations should be encouraged to work collaboratively; share information; plan together; hold joint events; and support one another. Part of the role of larger VCSE organisations is to nurture other organisations and increase the richness and diversity of the Manchester VCSE sector.

Diversified funding

Larger grants² from Manchester City Council should only be part of the funding a VCSE organisation receives.

Equitable funding across geographical areas and communities of identity.

VCSE organisations operate on all kinds of geographical footprints, including city-wide and funding needs to accommodate this. There will need to be an agreed set of principles for the division of funding.

Funding for both large and small organisations

Manchester has VCSE groups of all sizes and kinds and all have important roles to play.

Well governed organisations

Funding should be focused on well governed organisations and there should be support to encourage good governance.

Continuous learning and improvement

The VCSE sector needs challenge both from within and from without to encourage and foster positive change.

Infrastructure support

VCSE organisations need infrastructure support. For:

- Information sharing
- Collaboration
- Governance
- Funding

² No decision has yet been made about what constitutes a large, medium or small grant.

- Working with the private sector
- Learning and improvement
- Volunteering

Consultation Question

Are there criteria you would add or change?

Which criteria do you think are the most important?

Principles of Procurement

Manchester City Council's procurement process may include both contracts and grants. Where there is a grant programme it will conform to the existing grant process (co-designed in 2014).

The co-design group believe the following principles should apply:

Proportionality

The procurement process, including application forms, contracts and monitoring should be proportionate to the amount of the contract or grant.

Long-term funding

Funding for larger amounts should be for a minimum of 3 years.

Proportion of income

Funding from Manchester City Council should only fund a proportion of the overall income of an organisation.

Open procurement

Procurement processes should be open to previously unfunded organisations.

Cost

Funding will assist organisations in covering their overall running costs as well as direct project costs.

Accessible both to large and small organisations

The procurement process should be carried out in such a way that both small and large organisations have an equitable chance of success.

Encourages Manchester-based organisations

Procurement should favour organisations that have existing networks and services operating in Manchester.

Builds on strengths

Funding should favour organisations using strength-based approaches in line with the Our Manchester Principles.

Builds on success

Organisations who have demonstrated good outcomes should be favoured.

Continuous learning and improvement

The procurement process should be externally evaluated to help assess whether it is meeting the overall objectives of the Our Manchester VCS Funding.

Consultation Questions

Are there principles you would add or change?

Which principles do you think are the most important?

Funding Models

The co-design group developed two funding models for consultation.

Model 1³

Strategic Neighbourhood Grants and Strategic Equality Grants

A grant will be given to one or two organisations in each neighbourhood.

A grant will be given to a small number of equality organisations that represent communities of identity based on existing definitions of protected characteristics, though not necessarily covering all of them.

Funded organisations will develop and maintain strong relationships with VCS organisations in their neighbourhood or community.

Funded organisations will pass on some funding to other groups within their neighbourhood or community.

Funded organisations will need to demonstrate their track record in working in partnership.

Manchester City Council will only provide a proportion of an organisation's funding.

Funding will be for 3-5 years.

Consequences

Fewer organisations will be funded than at present and fewer organisations will be funded under this model than under model 2.

Some funding decisions will be devolved to lead organisations.

Decisions will need to be taken about what a neighbourhood is and how funding is divided up between neighbourhoods.

Decisions will need to be taken about what the priority equality areas are and how funding is divided between them.

Decisions will need to be taken about how to divide funding between geographical communities and communities of identity.

Where there is no existing suitable organisation in a neighbourhood or to represent an equality area, there will need to be a process to develop one.

Manchester City Council will need to develop systems to maximise the benefit of having a set of strategic relationships.

A decision will need to be taken about what proportion of an organisation's funding can come from Manchester City Council.

Benefits

Fits well with the **Our Manchester Principles**, building on strengths of existing organisations.

Strong strategic relationships, with infrastructure support, will enable **information sharing**.

³ The order of the models does not imply any preference.

Funding only a proportion of an organisation's income will support **diversified funding** and support organisations in **bringing in external funding**.

The model supports an **equitable distribution** of funding between geographical communities and between communities of identity.

The model encourages **strong relationships** between Manchester City Council and VCSE organisations and encourages **collaboration** between VCSE organisations.

Model 2

Single Grant Pot

There will be a single grant pot.

The pot will be distributed in the form of large and medium grants.

Large grants will last 3 years.

The pot will have a number of themes (a prospectus) under which VCSE organisations could apply.

The grant pot will use the existing grant process but will add in more strength-based questions.

Collaboration and partnership will be encouraged but not forced.

Engagement with private and public organisations will be encouraged.

The funding priority will be for Manchester-based organisations.

Grants could be tapered – reducing each year.

Consequences

The themes of the grant pot will have to be decided.

It is likely that fewer organisations will be funded than at present but more than for Model 1.

Less likely than model 1 to strengthen relationships within the VCSE or between VCSE organisations and other bodies.

Decisions will have to be made about whether the grant process is every 3 years or is a rolling programme where organisations could apply at regular intervals depending on funding in the pot.

Decisions will have to be made about geographical distribution. The grants might be given out on an across Manchester, North, Central, South basis or at a smaller geographical level.

Decisions will have to be made about distribution between communities of identity.

Decisions will have to be made about whether grants are for core costs or project-based.

There will be no small grants as these will continue through the Neighbourhood Investment Fund.

Decisions will have to be made about the taper percentage and timescale.

Benefits

Fits well with the **Our Manchester Principles** building on strengths of existing organisations.

Likely to mean more groups funded than through model 1

Tapering funding may encourage organisations to diversify their funding sources

Consultation Question

Which of these 2 models do you prefer and why?

How could your preferred model be improved?

If you have an alternative model please describe it:

Infrastructure Support

This is the voluntary sector support, currently provided under contract by Macc who run Volunteer Centre Manchester, provide advice, support and training to groups on issues such as governance, finance, volunteering and represent voluntary sector interests on bodies such as the Health and Wellbeing Board.

The co-design group recognised the importance of infrastructure and discussed options for its provision.

Manchester-wide option

Some or all infrastructure support will continue to be provided Manchester-wide.

Consequences

Perhaps not always accessible, especially for very small neighbourhood organisations

Benefits

Single source of information

Ability to maintain high level of expertise on issues such as governance

Ability to be a single point of contact to represent voluntary sector interests

Infrastructure embedded in larger organisations

Some or all infrastructure support will be embedded within organisations working in North, Central and South or at a neighbourhood level. This would be part of their funding agreement.

Consequences

Could be hard to understand where to get help

Would need a mechanism to gain voluntary sector representation on strategic boards etc.

A decision will have to be made about whether funding for infrastructure support is a separate grant or embedded within general grants.

Big organisations would need to develop and maintain expertise on issues such as volunteering, governance, finance etc

Benefits

Help could be more accessible in neighbourhoods

Consultation Question

What is your preferred model for infrastructure support and why?