

**Manchester City Council  
Report for Information**

**Report to:** Communities and Equalities Scrutiny Committee - 20 June 2023

**Subject:** Voluntary, Community and Social Enterprise (VCSE)  
Infrastructure Contract Update

**Report of:** Assistant Chief Executive

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**Summary**

This report provides an update on the review of the Voluntary, Community and Social Enterprise (VCSE) infrastructure contract and subsequent process that has been taken for the contract in preparation for the re-procurement due in 2023. The Committee is given an indication on the key priorities and considerations being built into the revised contract specification, along with information on the next steps and timescales for decisions.

**Recommendation**

The Committee is recommended to note and comment on the contents of this paper.

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**Wards Affected:** All

**Environmental Impact Assessment** – the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The new VCSE infrastructure contract will reflect the city's ambition to become a zero carbon city by 2038 at the latest, with support provided for organisations to achieve their own zero carbon goals. Zero carbon activity will be assessed as part of the procurement process to ensure any appointed provider(s) are also reducing their own carbon footprint.

| Manchester Strategy outcomes  | Summary of how this report aligns to the OMS  |
|---|---|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | The VCSE infrastructure service contract supports the growth and sustainability of the VCSE sector including workforce, volunteering and relationships with business.   |
| A highly skilled city: world class and home-grown talent sustaining the city's economic success                   | The VCSE infrastructure service contract supports the capacity and sustainability of the sector including volunteering pathways into education, employment and training and the positive contribution residents make through voluntary work and their active contribution to city life and their communities.   |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities    | <p>The VCSE infrastructure service contract works with the VCSE and other key stakeholders to find new ways of reaching those communities that are less connected to Manchester's success, creating resilient and vibrant communities. The new contract focuses on collaborative and culturally competent delivery, support and partnerships, that respond to city priorities and the needs of a diverse VCSE sector.</p> <p>20% weighting for social value will be a key part of the procurement process</p> |
| A liveable and low carbon city: a destination of choice to live, visit, work                                      | <p>The VCSE infrastructure service contract contributes to this agenda via its work with VCSE organisations and other partners that celebrate diversity, engage communities and engender pride in the city.</p> <p>10% weighting for zero carbon considerations will be a key part of the procurement process</p>   |
| A connected city: world class infrastructure and connectivity to drive growth                                     | The VCSE infrastructure service contract will support a range of activities across a number of mediums that help to improve local connectivity and collaboration between VCSE organisations and the public and private sector to improve outcomes. The provider will promote the voice of the VCSE sector in key decisions affecting the city and its residents.  |

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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.

- *Our Manchester Voluntary & Community Sector (OMVCS) Refreshed Funding report*, Communities and Equalities Scrutiny Committee, 19 July 2022

## **1.0. Purpose of Report**

- 1.1. A diverse, thriving, resilient, effective and sustainable Voluntary, Community and Social Enterprise (VCSE) sector in Manchester is a key priority within the *Our Manchester Strategy: Forward to 2025*, to deliver the shared vision and outcomes for the city. Infrastructure support for the sector is an important enabler to achieving these ambitions, as it promotes and provides services, support and advice to local charities, community groups and social enterprises that deliver social action.
- 1.2. Manchester City Council has invested in infrastructure support for many years, with the most recent contract being jointly commissioned with Manchester Health and Care Commissioning (MHCC) in 2019. The current contract is held by Macc and is due for re-procurement.
- 1.3. Before going out to procurement, and in the wake of events including Covid-19 and the Black Lives Matter movement, a review took place of infrastructure support to ensure future support responds to sector needs and city priorities. The new infrastructure service specification will respond directly to sector feedback, as well as feedback from Members and other stakeholders.
- 1.4. Further to the report brought to the Communities and Equalities Scrutiny Committee in July 2022, this report updates Members on the progress following the review to develop a new contract. It also provides a summary of key considerations and an indicative timeline of the next steps.

## **2.0. The VCSE Sector in Manchester**

- 2.1. The latest '[City of Manchester State of the Voluntary, Community and Social Enterprise Sector' \(2021\) report](#) estimates that there are around 3,870 VCSE organisations working in Manchester, with an estimated annual income of circa £497 million (2019/20). Organisations are working across the city on a range of areas, such as work with children and young people, support for equalities groups and communities of interest, community development, education, training, research and economic well-being.
- 2.2. The report highlighted that the majority of VCSE organisations in the city have an annual income of less than £10,000 (66%). When looking at the whole spectrum of VCSE income, 81% of the organisations within Manchester have less than £100,000 income a year. At the time of the report, 46% of respondents reported an increase in annual expenditure, while around half of respondents indicated they had used their reserves to respond to Covid-19. VCSE organisations surveyed reported that problems they were facing or that were constraining their ability to deliver services included the impact of the local economy and securing income (28%), while around half reported that engagement with other VCSE organisations would assist or greatly assist their organisation (55%).
- 2.3. The report notes that Manchester City Council is a key source of funding for the local VCSE sector, and that the relationship between the VCSE sector and

public sector partners “plays a vital role within the health and social care context”. However, a combination of factors such as the impact of Covid-19 (and funding related to Covid-19 coming to an end) and cost of living pressures mean that VCSE resources are increasingly stretched.

### **3.0. Background to the VCSE Infrastructure Contract**

3.1. The existing contract was procured in July 2019 following a process of consultation and co-design. This contract was jointly commissioned alongside Manchester Health and Care Commissioning (MHCC) as it was at that time. Infrastructure organisation Macc was successful in this process and was awarded the contract for three years (plus a two year option to extend) with three overarching priorities:

- **Development and Support** – advice and practical support on strategic and operational issues to support the effective operation of VCSE organisations
- **Participation and Voice** – support for engagement and representation, including the involvement of VCSE organisations in co-design with the public sector
- **Volunteering** – the operation and promotion of a volunteer centre to support both residents looking for opportunities and organisations sourcing volunteers.

3.2. The current contract was extended beyond the initial three-year period in 2022 due to the level of focus required on the new phase of the Our Manchester VCSE (OMVCS) fund and establishment of the Supporting Communities Fund. The current arrangement expires on 31 March 2024, or at the commencement of a new contract, whichever is the sooner.

3.3. In 2022 the Our Manchester Funds team committed to review the Council’s infrastructure support arrangements (see Section 4 below), in part due to the operating context for Manchester’s VCSE sector having changed significantly. Manchester’s population is increasingly diverse and continues to grow. The Covid-19 pandemic, the Black Lives Matter movement and the cost-of-living crisis have created new challenges, as well as highlighting and exacerbating existing issues and inequalities for residents. At the same time, VCSE sector organisations have been navigating unprecedented challenges to their finances, the level and complexity of demand they are dealing with, and undergoing transformation and internal change.

3.4. A number of strategic priorities for the city impact the VCSE sector and need to be properly reflected in the infrastructure support offer, including Making Manchester Fairer, tackling climate change to be zero carbon by 2038 and plans to increase the number of Real Living Wage employers. Data and conversations with the sector, for example through the latest Census and the Council’s grant management practice, clearly shows that support for Black, Asian and Ethnic Minority led organisations, and organisations based in North Manchester should be priorities for infrastructure support. It is therefore important that the infrastructure contract arrangement responds to these

issues and priorities, and principally, that this is based on the voices and needs of the city's VCSE sector.

#### **4.0. Review process and key findings**

- 4.1. As joint commissioners of the VCSE infrastructure contract, the Council and MHCC commissioned an external, independent organisation to review Manchester's VCSE support provision, focusing on:
- reviewing the infrastructure support needs of Manchester's VCSE, giving consideration to the various impacts that the Covid-19 pandemic has had on the VCSE sector in Manchester (including health, social and economic impacts) and developing proposals for a future VCSE support model/s that might best address these;
  - understanding the views of wider stakeholders on infrastructure support;
  - reviewing the existing outcomes framework
  - reviewing the alignment of the existing contract to strategic priorities
  - a review of other VCSE support models in other cities
- 4.2. This brief was developed with a view to informing the specification for a new contract, in light of the context outlined above. It was not a review of the current contract provider's delivery, which is already addressed through the existing contract monitoring process. Research company Forever Consulting was commissioned in December 2021 and the review took place in the first half of 2022.
- 4.3. The review gives an insight into the views of the wider sector. It is informed by surveys with 95 VCSE organisations and interviews with 37 VCSE and non-VCSE stakeholders from across the Council and its partner organisations. Stakeholders interviewed included the Leader of the Council, both Deputy Leaders and other Executive Members, officers from different services, and a number of external partners.
- 4.4. VCSE survey responses were received from organisations of different sizes, from micro (annual income of less than £10,000) through to large (annual income greater than £1 million). The focus and nature of responding VCSE organisations was also varied: for example, 45% worked primarily with older people; 42% with disabled people, and; 37% with those experiencing racial inequality.
- 4.5. VCSE organisations outlined the support that they most value and prioritise as part of infrastructure support. The following was collated across both the survey and interviews and are listed here in priority order (i.e. frequency of response):
- Sustainable fundraising (95%)
  - Workforce/ volunteer/ trustee development (72%)
  - Support with impact assessment (70%)
  - Collaboration within and across sectors (64%)
  - Business development and growth strategies (56%)

- Information & guidance (55%)
- Governance and operational issues (46%)
- Space and premises (41%)
- Representation of the sector (% not available as not asked in the survey)

Whilst the review was not an evaluation of the current contract, respondents felt that broadly the current specification covered these areas.

4.6. In addition, organisations were asked about their top priorities for *how* support should be delivered. Again, the following list combines both the survey and interview findings and are in priority order:

- Free to access (90%)
- Representing communities of interest (88%)
- Place based in neighbourhoods (79%)
- Tailored, not generic (78%)
- Signposting to areas of expertise (78%)
- Independent, impartial (65%)
- Transparent and accountable (% not available)
- Relationships, continuity, client account management (% not available)

4.7. These findings of how support should be delivered highlight a key theme around the need for equality, diversity and inclusion and cultural competence of infrastructure provision in Manchester. As demonstrated above, the review states that:

*“nearly 9 in 10 VCSE organisations surveyed said it is essential or a high priority that a support service understands and represents their community (88%). During the interviews, organisations who worked with ethnically diverse communities said they needed representative and culturally sensitive provision for their communities. Organisations working in other communities of interest such as older people and young people, also held this view.”*

4.8. Interviews with wider stakeholders tended to support the responses from VCSE organisations as outlined above, and also mentioned a number of “asks” of infrastructure support which do not necessarily align with the needs stated by the sector:

- supporting governance in the city by being a key conduit between the VCSE and public sectors
- support with being enterprise ready / trading
- adapting to a low carbon economy
- social prescribing
- leveraging benefit from Social Value
- support to work with the private sector/ philanthropy
- support with engaging the community in decisions
- community building
- inclusive economic growth
- more intelligence on the sector

4.9. Forever Consulting also compared a range of infrastructure support models from across the country and found that:

- the scope of existing infrastructure support in Manchester appears to be broader than the “traditional” model (i.e. one focused more on operational support like capacity building and volunteering), and includes a significant strategic focus. The strategic objectives of the current contract include influencing commissioning, demonstrating strategic links at a local, regional and national level, and aligning with strategic grants programmes like OMVCS and emerging strategic work.
- comparators tended to have clearly defined objectives and scope.
- some providers have a significant grant making role.
- some comparators favour a collaborative model with multiple delivery partners playing to their respective strengths.

## 5.0. Specification Development

5.1. The review findings and ongoing conversations with senior internal stakeholders and partners is being used to create a new infrastructure specification. This is at an advanced stage but is not complete. The new specification directly responds to the needs of a diverse sector as highlighted in the review, as well as city priorities. The specification will clearly set out the contract outcomes which include a strong and interwoven focus on equality, diversity and inclusion and identify four main areas of support.

5.2. **Practical capacity building and development support which responds to the needs of the sector.** Organisations can expect support with issues that are important to them such as developing and diversifying their income, workforce skills and development, demonstrating impact, growing meaningful collaborations that grow their capacity and enhance their offer, and strengthening their governance and operational management. Support will also reflect city priorities, including support for organisations to reduce their carbon footprint and be commissioning ready. Responding to feedback about *how* the support is delivered, the offer will include a free to access offer and targeted support for communities of identity and place, including groups which work with Black, Asian and Ethnic Minority communities and those based in North Manchester.

5.3. **Support to influence city wide decision making and connect to a range of public sector partners.** As well as support to collaborate with other VCSE organisations, support will be provided to connect VCSE organisations to public sector partners and governance arrangements to ensure that the VCSE is meaningfully involved in decision making in the city and to deliver joined up services for residents. Again the expectation is that support will be tailored to VCSE organisations from different communities.

5.4. **Supporting volunteering.** The infrastructure service will include a volunteering centre function which again responds to the needs of the sector. We know from the review that while recruitment of volunteers in general was not seen as an issue by the majority of organisations, the sector did identify



the need for support to retain skilled volunteers and to recruit volunteers that reflect the communities they support. This will therefore be a focus in the contract, again with particular regard to supporting Black, Asian and Ethnic Minority focused and North Manchester-based organisations. The function will also be expected to complement and work with other volunteering initiatives in the city such as MCRVIP.

- 5.5. **Responding to major incidents and supporting the VCSE sector's role in the response.** In the review, a significant proportion of VCSE organisations stated that information, guidance and support in responding to a crisis was a high priority for them. This feature of the contract is also informed by learning from Covid-19 and the response to arrivals from Afghanistan. The infrastructure service will provide advice and support, and promote connections between the VCSE and partners to ensure VCSE organisations are involved in the shaping and delivery of a proactive response. Again, this will include tailored support for communities of identity and place.
- 5.6. Noting that the sector fed back on how support was delivered as well as what is delivered, the new contract will specify expectations around ways of working. These ways of working will reflect both the Our Manchester behaviours and the feedback and city priorities around supporting equality, diversity and inclusion, ensuring that the diversity of Manchester's VCSE sector is responded to and all organisations can benefit from provision that is accessible, meaningful and helpful to them.
- 5.7. The contract will include expectations that support is delivered collaboratively and in partnership with culturally appropriate organisations based in communities, to ensure that requirements around accessibility and equality and diversity are met. The specification will state that partnership bids are encouraged. There will be particular priorities stated for supporting organisations that work with and/or are led by Black, Asian and Ethnic Minority communities and those experiencing racial inequalities, and targeted support for communities in North Manchester. It is also expected that the infrastructure service will respond to other gaps that change or emerge during the contract period, which may require further tailoring and targeting of support within these existing priorities, or additional approaches/changes in approach to support other communities and areas in the city. These trends and changes will be monitored and progress regularly reviewed as part of the contract management process with the appointed provider(s).
- 5.8. The new specification seeks to position the infrastructure provider/s as a source of support to respond to the needs of the VCSE sector, whilst also being an important partner in addressing a number of key city priorities. The specification also seeks to ensure that the requirements of the provider/s are proportionate to the value of the contract.
- 5.9. Executive Members and senior officers continue to be engaged in the development of the specification and the delivery of this piece of work.

Conversations are ongoing with partners in the Integrated Care Partnership to understand future involvement. Further engagement with Members will take place before the specification is finalised.

## 6.0. Timeline and Next Steps

- 6.1. The timing of the infrastructure review coincided with the work to refresh and launch the Our Manchester VCS grants programme, a significant programme of work for the Council. In addition, sufficient time is required to undertake a number of activities and satisfy procurement requirements before the new infrastructure contract can be awarded. Therefore, to allow for time to respond to the review’s findings and engage stakeholders on the development of a new contract, an extension has been agreed which will continue the existing contract to the end of March 2024 or the commencement of a new contract, whichever is the sooner.
- 6.2. The Our Manchester Funds team will work to finalise the new specification within the next month, in consultation with key internal stakeholders and taking into account the recommendations of this committee. During this process, all Members will be invited to briefing sessions which will explain the approach being taken and provide a further opportunity for questions and discussion. Early market engagement is an important factor in the proposed timescales and one of the ways to ensure an open and fair process. The aim is to give all interested parties time to explore delivery partnerships, particularly given the emphasis on collaborative approaches in the new specification. Following the finalisation of the specification, officers will hold a “Meet the Commissioners” event which is aimed at potential tenderers. This will be an opportunity to share the main features of the new specification and explain the tender process. Members are invited to support an open and fair process by letting the Our Manchester Funds team know of any organisations they are aware of that may wish to submit a tender.
- 6.3. Allowing for the activities described above and some contingency planning, an indicative timeline for the procurement of a new contract is as follows:

|                |  |
|----------------|--|
| July 2023      | Finalise specification and early market engagement |
| September 2023 | Tender documentation goes live                     |
| November 2023  | Evaluation of tender                               |
| December 2023  | Key Decision                                       |
| January 2024   | Contract award and TUPE period begins              |
| April 2024     | TUPE period ends and new contract begins           |

## 7.0. Conclusions

- 7.1. The independent review provides valuable insights into the needs of Manchester’s diverse and evolving VCSE sector, as well as feedback from public sector stakeholders. The review particularly highlights the need for infrastructure support that is dynamic, responsive and inclusive, acting as a support function and partner to VCSE and public sector organisations in the city. The new specification sets out to address these findings, with a strong

emphasis on the needs of the sector and the importance of focusing on equality, diversity and inclusion - throughout all of the specification.

- 7.2. This report offers an overview of the process that has been taken following the external independent review of the VCSE sector's needs in relation to the infrastructure contract. This report also outlines the key changes of the new contract, due to be re-procured in late 2023.
- 7.3. The Committee is asked to note and comment on the contents of this report.