Agenda Item 5

Committee:	**Overview and Scrutiny Commission**
Date:	**15 November 2016**
Agenda item:	
Wards:	All
Subject:	**The development of Voluntary Sector and Volunteering Strategy for the Merton Partnership**
Lead officer:	Simon Williams, Director of Community and Housing
Lead member:	Councillor Edith Macauley, Cabinet Member for Community Safety, Engagement and Equalities
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Recommendations: That Member of the Overview and Scrutiny Commission:

A. Discuss and comment on the draft recommendations for the new Voluntary Sector and Volunteering Strategy.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 To provide the Commission with an overview of the key issues underpinning the development of a new Merton Partnership Voluntary Sector and Volunteering Strategy and the draft recommendations produced.

2. DETAILS

Background

2.1. Merton is host to a thriving and vibrant voluntary and community sector. The sector and the Merton Partnership have a strong and mutually supportive relationship. A number of members of the Merton Partnership support the sector through substantial grants, commissioned services, notional funding and business rate discounts. However, it should be recognised that the sector draws substantial resources from other sources, in particular unpaid volunteers.

2.2. Both the current voluntary sector and volunteering strategies were due to be updated. The Merton Partnership Compact Board agreed in March 2016 that a combined strategy would offer a coherent and effective approach given the interrelated nature of the subjects.

2.3. The voluntary and community sector (VCS) in Merton is an integral part of the tapestry of civil society and public services in the borough. Their contributions to community cohesion and their work with vulnerable residents are invaluable, relieving some of the demand on public services. The sector is uniquely placed to reach isolated, vulnerable and minority groups. The positive effects of their work are not only felt by the residents they assist, but by the volunteers they engage in a wide array of activates. The sector is also a major provider of services both to the Council and other public bodies, in particular in relation to social care, advice and support to vulnerable residents.

2.4. The shrinking state, cuts to public sector funding, challenges to the reputation and trust in which the voluntary sector is held and growing demand and the complexity of needs of the users have propelled the need to review and evolve the relationship between the funders, stakeholders and the voluntary sector.

2.5. In grappling with the financial and demographic challenges of the moment, commissioners are not only targeting resources more tightly but also focusing more on outcome based commissioning looking for clear evidence of tangible benefits and multidisciplinary approaches shaped around the needs of service users. A new strategy for the borough will provide guidance and clarity on the borough priorities and upcoming changes to funding for the sector.

3. DEVELOPING A NEW STRATEGY

3.1. To oversee the development of the new strategy a steering group was drawn from the Merton Partnership and representatives from the voluntary and community sector. The group is chaired by Simon Williams, Director of Community and Housing at Merton Council. Merton Voluntary Service Council (MVSC) and the Council's Policy Team provided secretariat and research support. The Terms of Reference and membership for the Steering Group are set out in Appendix 1.

3.2. The steering group met monthly since May 2016. The initial meeting highlighted a number of themes that were explored in turn at subsequent meetings. A series of research papers considering both the local context and needs and best practice learning from external sources. The steering group meetings discussed the findings and arrived at key recommendations for each subject.

3.3. The steering group has met monthly since May 2016. The initial meeting highlighted a number of themes that were then explored in turn at subsequent meetings. A series of research papers were produced to consider both the local context and needs and best practice learning from external sources. The steering group meetings discussed the findings and arrived at draft recommendations for each subject.

3.4. The Merton Partnership Conference on 14th November 2016 will have the strategy as its theme, providing both insight into best practice and an opportunity for the sector to discuss and inform the draft strategy recommendations.

4. STATE OF THE SECTOR SURVEY

4.1. To provide further evidence to underpin the strategy MVSC, supported by members of the Merton Partnership, commissioned an in-depth study of the voluntary sector and volunteering in the borough.

4.2. A combination of questionnaires, interviews and focus groups provided the material for analysis. In total over eighty organisations were engaged through questionnaires, interviews, focus groups, one to one meetings and desk research.

4.3. The survey provided valuable insight into the nature of the sector of the borough. It examined the size and type of organisations, as well as the types of services provided. Moreover it reported their funding sources, challenges they face and aspirations for the future. The key findings from the survey were:

- Despite cuts to funding, the number of VCS organisation has grown;
- 16% of organisations were established in the last 3 years. However, 46% of organisations have been established over 21 years;
- There are 394 registered charities in the borough with 2,183 trustees and a collective income of £113m;
- 25% of organisations do not have any formal funding sources, relying instead on fees, donations and fundraising;

- There has been a 5% increase in the number of social enterprises;
- Almost a quarter of organisations are unincorporated exposing their trustees to more risk;
- A significant fall in funding from the public sector, in particular the Council and Merton Priory Homes, however it was acknowledged in the report that the Council had seen through the full commissioning cycle rather than making emergency cuts to grants in line with government funding reductions;
- The vast majority of organisations (70%) reported an increase in demand compared to 62% in 2013. Mental health, dementia, older people with complex needs and young adults represented the biggest increase in demand.

4.4. The Executive Summary is attached at Appendix 2. A number of issues emerged from the survey and these were considered by the Steering Group and informed the draft recommendations – see section 5 below.

5. KEY ISSUES AND DRAFT RECOMMENDATIONS

5.1. The steering group examined a number of key themes related to the strategy in turn at their monthly meetings. Each theme was intensively researched and a report was produced for discussion. The following is a summary of each theme and the draft recommendations it produced. Please note that these are the steering group's initial recommendations and subject to final agreement at the next meeting of the steering group. Once agreed, further work would be undertaken to develop a set of practical actions that can be taken by members of the Merton Partnership to implement the recommendations.

6. SUPPORT FOR THE SECTOR TO CHANGE AND ADAPT

6.1. The voluntary and community sector is facing a challenging future contending with reducing resources and rising demand, with service users presenting with increasingly complex needs that require intensive interventions. For the sector to thrive in this difficult environment, it needs to adapt how it operates and consider new ways of working.

6.2. The State of the Sector survey highlighted the number of unincorporated organisations thereby exposing their trustees to greater risk. The increased size of the sector plus the nature of these challenging times highlights the pressures on current trustees and the need to find more high calibre trustees with the right skills in the future. Surprisingly, despite the funding reductions, there was less evidence than expected of consolidation within the sector or increasing levels of partnership working to share costs and collaboration to bid for work. The increase in the number of new organisations with no funding suggests that the nature of support provided to the VCS needs to change to take account of this.

6.3. The State of the Sector survey found that the clear areas for organisational development include fundraising, tendering, communication, monitoring, evaluation, and strategic leadership ad planning. The steering group agreed that equipping the sector with the tools needed to thrive in the current climate is of paramount importance. Key amongst these are the issues highlighted from the survey: improving partnership working to cut costs and add value; and providing the expertise and training needed to raise income.

6.4. A number of different approaches to supporting the sector were considered. The following draft recommendations were agreed:

A. Use the JSNA as a tool to assist decision makers better understand local needs;

B. Review capacity to support Merton's VCS organisations to improve their business planning, fundraising strategies and expertise, underpinned by good governance and financial management;

C. Support Merton's VCS organisations to improve collaboration and set up partnerships and consortia to extend their scope and reach, underpinned by due diligence, contract readiness, contract and performance management, evaluation and impact measurement;

D. Review the support offer to smaller and more informal groups;

E. Develop a joint approach to increasing awareness of the role of trustees and developing the skills required to manage VCS organisations;

F. Support Merton's VCS to improve enterprise acumen to grow the social enterprise market, underpinned by structural/financial support to encourage business-like innovation and risk taking;

G. Develop a more strategic approach across the Merton Partnership to increase the provision of affordable, flexible premises.

7. MAXIMISING FUNDING AND INCOME GENERATION

7.1. Resource maximisation in a period of scarcity was another key issue that the steering group grappled with. As resources diminish and competition increases, the VC sector is increasingly looking to new and innovative ways to generate income and operate more efficiently.

7.2. The State of the Sector report identified a number of concerns. Firstly, the increase in the number of organisations with no sustainable funding sources. Secondly, that 40% of organisations thought their income from grants and unrestricted funding sources was likely to grow despite on-going cuts in public sector funding and the increased competition for dwindling resources. There is a clear imperative for Merton VCS organisations to seek out alternative funding outside of the public sector and to increase its chances of successfully bidding for work in competition with VCS organisations outside of Merton and against the private sector.

7.3. The group studied alternative sources of income include Social Investment Bonds, Corporate Social Responsibility pledges and best practice examples from other organisations.

7.4. It should be noted, that there is a clear overlap between the recommendations for supporting the sector and for maximising funding. One example of this is increasing collaboration and partnership working. It is noticeable that where the voluntary and community organisations are provided with bid writing and income generation advice and support they are often able to increase their income. The steering group arrived at the following draft recommendations to increase and diversify funding to the sector:

A. Revive and market the Merton Community Fund to attract funding from local residents and businesses;

B. Encourage collaborative working and the sharing of resources in the sector

C. Support VCS organisations to look at alternative approaches to income generation

D. Ensure that there is clarity from partners on funding priorities and how funding is allocated

E. Strengthen our partnerships with business in order to increase their support via corporate social responsibility pledges;

F. Seek opportunities to develop and access social investment opportunities.

8. COMMISSIONING AND SOCIAL VALUE

8.1. The State of the Sector survey indicates the need for voluntary sector organisations to work more collaboratively together and to work in partnership with commissioners as part of the commissioning cycle including the identification of need and what interventions might work best to meet these needs. There is a clear need and opportunity for public sector commissioners to work more effectively with the sector and to look to exploit opportunities within the Social Value Act.

8.2. The Social Value Act 2012 requires public bodies to think about how they can improve the economic, social and environmental well being of an area through the services they commission above £164,176. The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems.

8.3. With grant funding levels reducing, the sector is increasingly looking to win contracts to deliver services from public or private sector bodies as an alternative income generation stream. The group examined how Merton Council and other bodies in the Merton Partnership can ensure that before starting the procurement process, commissioners think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

8.4. The voluntary sector is perfectly placed to deliver services that provide additional social and environmental benefits to Merton such as providing training for the unemployed; creating supply chain opportunities for SMEs and social enterprises; creating opportunities to develop third sector organisations; and making facilities (such as school libraries, leisure facilities or computers) available to excluded VCS groups.

8.5. The steering group worked with the commissioning and procurement team in Merton Council to produce recommendations that would help the sector compete for contracts, and that added social value by potential providers is recognised and scored appropriately. The following draft recommendations were agreed:

A. Secure political backing for this approach;

B. Embed the Social Value Act in all procurement guidelines;

C. Organise training for commissioners on how to use the Social Value Act;

D. Where appropriate provide guidance to organisations through training, soft market testing and one to one meetings to encourage them to apply and to sign up to our procurement framework;

E. Engage and meet with organisations at the early stages of the commissioning process and ensure Social Value is considered at the design stage and built into the tender process;

F. Formalise this through making it an option to include Social Value as part of the bid evaluation process through its inclusion in the scoring criteria;

G. Ensure that Social Value is reviewed at Procurement Board for bids above the threshold and that below the threshold it is reviewed at departmental board level;

H. Collectively pledge to do this across the Merton Partnership.

9. INCREASING VOLUNTEERING

9.1. Volunteering is associated with increasing wellbeing and with a strong sense of civic pride. It simultaneously benefits the users and the volunteers through increasing their feelings of wellbeing. Volunteers report better career prospects, and improvements in mental and physical health also come out very high.

9.2. The number of volunteers in Merton has increased by 8% from 2,462 in 2014/15 to 2831 in 2015/16. Retaining and increasing the numbers of volunteers in the borough was agreed as a key priority. Whilst Merton has higher than average levels of volunteering the steering group felt there should be an ambition to increase volunteering to match or exceed the highest levels in London. The steering group felt that the approach set out in the current Volunteering Strategy was working well but identified some additional draft recommendations:

A. Promote the VolunteerMerton online volunteer recruitment hub (one stop shop) to ensure individuals, groups and organisations have a single access point to volunteering and community action

B. Develop personalised volunteering activities that match the skills of the residents and the needs of the organisations.

C. Development of volunteering opportunities that correspond to partner service priorities and that respond to current context and needs of the borough (opportunities linked to welfare reform or to financial resilience opportunities)

D. Design and implement a method to evaluate the effectiveness and efficiency of the volunteer programmes on a regular basis

E. Wok with the Merton Partners to revive and promote the employee volunteering programmes

F. Develop more 'micro-volunteering' and more flexible opportunities for individuals, groups and organisations to get involved in their community:

G. Develop a communications plan to raise the profile of volunteering & community action in Merton

H. Continue the recognition of volunteers and volunteering programmes and promote them throughout the borough

I. Ensure local public and private sector organisations are engaged and supported to creatively deliver their corporate social responsibility agenda

J. Identify new and continue to support existing volunteering opportunities to engage individuals, groups and organisations in shaping and adding value to the delivery of public services

K. Work with partners and volunteers to review, evaluate and develop each scheme.

L. Explore new sources of funding volunteer management

M. Ensuring that new initiatives such as Merton social prescribing pilot include the development of volunteers as an element for its sustainability

N. Reach out to other boroughs to learn from best practice in this area.

10. ALTERNATIVE OPTIONS –

To not renew the strategy:

To forgo renewing the strategy would mean that Merton Partnership is ill- equipped to support the borough's voluntary and community sector in the current challenging climate. The current strategies are several years out of date and are in need of renewal to reflect the current environment.

The sector is an integral part Merton's social fabric, adding value through their services and addressing complex social needs from vulnerable groups that would otherwise fall to public services to meet. Having a new strategy in place would enable the Merton Partnership to support the sector to adapt and to continue to thrive.

11. **CONSULTATION UNDERTAKEN OR PROPOSED** –

11.1. The strategy development was overseen by a steering group consisting of Merton Partnership members. The Terms of Reference were discussed at a number of forums including INVOLVE and The Faith and Belief Forum allowing the sector an opportunity to comment on the scope of the strategy at an early stage.

11.2. A State of the Sector Study was commissioned to provide further evidence to inform the strategy. A combination of questionnaires, interviews and focus groups provided the sector with an opportunity to share their views and discuss challenges. In total over eighty organisations were engaged through questionnaires, interviews, focus groups, one to one meetings and desk research.

11.3. The 2016 Merton Partnership Conference is focused on engaging with the sector. A series of workshops and panel discussions will provide an opportunity to comment on and discuss the draft recommendations.

12. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS –

None

13. **LEGAL AND STATUTORY IMPLICATIONS** –

None

14. **HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS** –

All relevant equality legislation will be adhered to in the development of the strategy. A thriving and supported voluntary and community sector is an integral part of a cohesive community.

15. CRIME AND DISORDER IMPLICATIONS –

None

16. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS –

None

17. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix 1: ToR for the Steering Group
- Appendix 2: State of the Sector Exec Summary

18. BACKGROUND PAPERS

None

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