

Evaluating Third Sector Provision

Making it Work Together

**Report of the Children and Family Services Consultation Event
in Inverary on 23 April 2012**



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Executive Summary

This report summarises the results of a one-day workshop in Inverary on 23 April 2012 exploring the implementation of the new funding process for third sector organisations delivering Children and Families Services in Argyll and Bute.

The objective of the event was to assess together the lessons learnt in respect of the design and operation of the new Children and Family Services funding process for third sector organisations. Representatives of third sector organisations had the opportunity to feed back on what has worked and what hasn't, and what needs to be done to improve the new funding process further.

Overall, participants were very satisfied with the consultation process and felt that their views had been taken on board. In particular, the participants suggested that the pace of the process is now better and praised the ease of application and transparency of process.

Many of the weaknesses identified were related to the ambitious change management process within tight timescales. The participants agreed with a case study presenter that the way the assessment panel had operated needs be improved by making it smaller and focus on 'controversial applications' where pre-assessments had not been agreed. Other improvement suggestions focussed on improvements to process management and feedback to applicants.

In concluding, Mark Lines, Service Manager, Children and Families, confirmed that there will be a grant process for next year based on what the Council did this year. However, it is likely that a number of services will be subject to a more formal commissioning process involving tendering rather than continuing as grants. A commitment was made to ensure groups were advised of any changes and that there will be more workshops and other events during the year in order to spread information about the process further.

The purpose of the consultation event

This report summarises the results of a one-day workshop in Inverary on 23 April 2012 exploring the implementation of the new funding process for third sector organisations delivering Children and Families Services in Argyll and Bute. The event was arranged through the Argyll and Bute Local Services Initiative, a partnership between Argyll and Bute Council, NHS, Third Sector and Carnegie UK Trust to share experiences of the delivery of existing services by the Third Sector and develop innovative responses to new service delivery opportunities. *Governance International*, a non-profit organisation based in Birmingham facilitated this interactive workshop, following up its facilitation of the original consultation event in May 2012.

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needs to be done to improve the new funding process further.

The Workshop enabled participants to:

- understand the new funding process that Argyll and Bute Council has put into practice, following the Consultation event that took place on 2 May 2011, and subsequent workshops at which the Council co-designed the funding process with third sector organisations.
- identify what has worked and what needs to be improved further by exploring short case studies of the experiences of third sector organisations with the new process; and getting feedback from other users of the new process.
- discuss next steps in delivering together better outcomes and improving partnership working.

This report is a follow-up to the earlier Governance International report on the outcomes of the Consultation event on 2 May 2011. The report “Making it better. Argyll and Bute Children and Families Event” had been

circulated to the participants of the event and can be downloaded from the website of Argyll and Bute council ([click here](#)).

Starting points

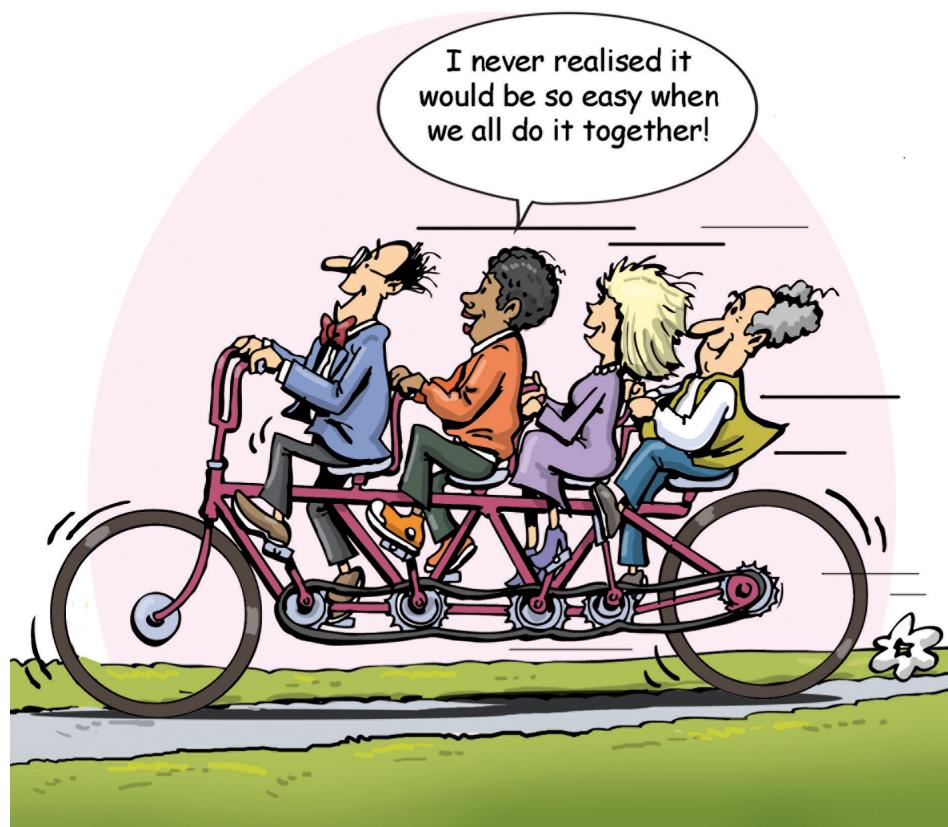
The day began with an introduction by Elke Loeffler, Chief Executive of *Governance International*, a social enterprise with international expertise in user and community co-production of outcomes. Elke introduced *Governance International* and invited the participants to introduce themselves. This was followed by an overview of how the day would run and set out the objectives of the event. James Hilder, Chair of ABSN, an umbrella organisation, which works to strengthen social enterprises in the Argyll and Bute area welcomed the participants and outlined how ABSN helps local social enterprises to improve partnership working with each other and with the statutory sector.

Tony Bovaird, Professor at INLOGOV at Birmingham University and Director of *Governance International*, introduced two brief ice-breaker exercises:

Unexpected outcomes from third sector provision of services

Introduce yourself to your neighbour and describe the most unexpected outcome from third sector provision of a public service that you have recently come across.

Responding to the first question, one participant suggested that the relationship with staff in a third sector



organisation felt more empowered compared to working in a statutory agency. Another suggested that direct support to service users through personalisation challenges staff, because it gives choice to users, and they have their own ideas about what is most important to them. Yet another participant suggested that contracting is something that many third sector organisations still don't understand fully, so the full benefits of the commissioning approach are still to emerge.

Hidden capabilities

Identify for each person a capability, which is currently underused (at work, at home or in their social life) and which could be used more to help others.

The second question made participants aware that their organisation may not be using fully the resources it already has at its disposal – namely the skills, creativity and networks of staff. Some participants thought that the third sector is better at making use of staff capabilities than public agencies. One example given was that one participant used to be a disco-dancing champion – but the potential of this skill, e.g. for fund-raising, hasn't yet been exploited!

This discussion highlighted the need for the different organisations working in children's services to deepen their understanding of each other's resources and potential contributions – a key success factor if the new grant system is to ensure that public money achieves the best possible outcomes.

“What you said” – Messages from the consultation event on 26 May 2011

Elke reminded the participants on the key agreements from the first consultation event in Argyll and Bute almost a year ago, referred to earlier.

One of the strongest messages from the group had been that third sector participants would like to see funding which lasted for more than one year – this would enable improved internal planning and greater efficiency, reduce stress and lighten the paperwork burden on staff. It would also give third sector organisations more security and stability. Council staff made the point, however, that this would mean that funding decisions, once taken, would not be revisited for several

years, with the consequence for third sector organisations not funded the first time round that they would have to wait much longer before having the chance to reapply for funding.

Participants in May 2011 had also been strongly in favour of moving the application process on-line, away from the ‘steam driven’ system. It was felt that this would save on photocopying, and make the process more streamlined. Several participants said their organisations had to provide two copies of an application and then further copies to the legal department. Using an online system would reduce this paper trail and pro-





Would like to see happen

- Less duplication of paper work (9)
- Central database (6)
- Simpler paper work in application process (4)
- Fully informed of application deadlines and progress (5)
- Contracts for longer period of time (4)
- Digital council not steam driven (3)
- Simpler contracts (3)

vide a portal for departments to access an application. It was suggested that application forms and electronic applications process could be improved if the Council co-designed them with local organisations.

Another important issue highlighted in May 2011 was that local organisations should receive both their grant notification and (some at least of) their funding before the year started. Participants commented that months could elapse between their organisations being informed by the Council that they will receive funding and then getting a contract in place and receiving some money. Participants felt it would be a major improvement if they received (at least part of) the funding at the time that the award was granted.

Participants felt that communication, partnership working, the setting of realistic time-scales, honesty and transparency were other important principles the Council should uphold. Local organisations emphasized the need for an integrated system of information sharing between social work and health. They also be-

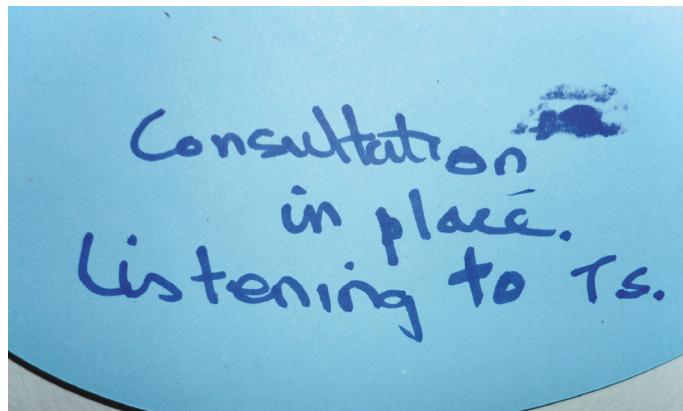
lieved it was important for the Council to listen to local organisations and value the services they provided. Several participants felt Argyll and Bute Council was already good at doing this, while others believed it needed to improve. There was a general message that people wanted the Council to acknowledge the time and pressure which the application process places on local organisations, and that steps should be taken to alleviate this. Some participants indicated they would like to be fully informed of progress and that deadlines should be clear and adhered to. Shorter waiting times for decisions about funding would also reduce stress for all concerned.

Another suggestion was that people would like to see the creation of a central database, which would allow applicants to input information about their organisations and regularly update this so that grant providers could access the information, rather than the applicants having to provide this several times in different formats.

How Argyll and Bute Council co-designed the new funding process together with third sector organisations

Mark Lines, Service Manager, Children and Families outlined the change management process following the consultation event in May 2011 and how the local Council had worked closely with third sector organisations in three subsequent workshops in order to improve the funding process.

He emphasised how the consultation event had confirmed that the grant system was outdated. The fact that the Council was faced with 15 percent savings in funding for Children and Family service had been a serious challenge. However, this had been turned into an opportunity to improve the funding process for third sector organisations, working closely in partnership



with the third sector and demonstrating the Council's strong commitment to the third sector.

Results sought from the new funding system

The results sought from this consultation to design a new funding process included:

- a more streamlined and efficient grant system;
- funding more closely aligned to service priorities;
- a stronger focus on outcomes; and
- strengthened personalisation of Children and Family services.

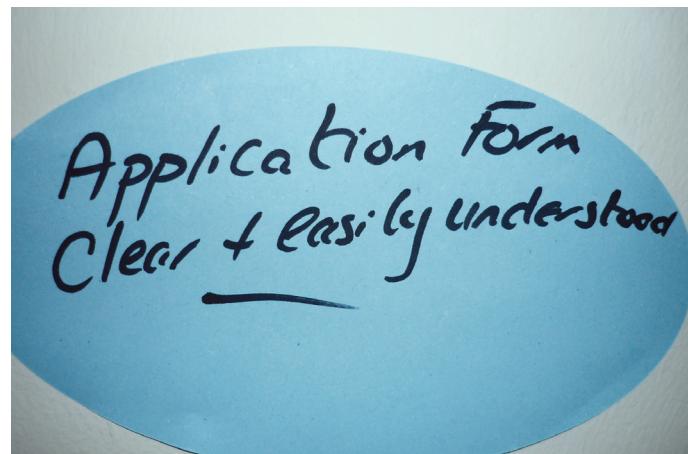
Consultation process

In order to achieve these outcomes together with the third sector, volunteers were invited to three meetings following the consultation event in May 2011. In between the meetings work was undertaken by the Council in order to follow-up the decisions agreed at each meeting. The new funding process was finalised and launched in December 2011 after a final online consultation, which had been provided by the Council as part of new feed-back mechanisms to engage with the wider third sector.

Revising the application process

Apart from revising the funding criteria, the joint work of the Council and the third sector volunteer representatives also focussed on making the application forms more user-friendly. In doing this, the forms of the Robertson Trust were used as a model and there was shared learning from Area Committee Grants. Most importantly, the new funding process has minimised supporting documentation and leaves to the third sector organisation how much information it wants to provide. The principle of proportionality is now applied, meaning that it is no longer necessary to provide hundreds of pages when applying for small amounts of money. Furthermore, the new forms have been adopted for all Council grants, moving towards a single application form for the Council, which meant that the learning from this Children's Services initiative was disseminated throughout the Council and will benefit third sector organisations delivering other services.

Another recommendation taken on board by the Council was the availability of a named contact person for each applicant. However, the suggestion to set up an online application process and an online databank had proven to be too costly in proportion to the size of the grant process and risked diverting funds from third sector groups. Finally, the process identified complications in dealing with applications from organisations which are funded within the 'academic year' rather than the financial year which precluded moving to a single contract for some providers who are also involved in providing pre-school education.



Funding decision process

The grant panel met on 14 March 2012 to review the first bids made under the new funding process and to award new contracts. This meant that the whole consultation and change management process had been accomplished within a year. As Mark Lines highlighted, this had put the Council under strong pressure at times. Nevertheless, as Elke commented, it had avoided the danger that many consultation processes run, whereby they take so long that everybody loses interest and trust.

Clearly, this crowded timescale meant that, in this first year of the new system, the timelines for third sector organisations wishing to apply for grants had been very challenging:

Timeline of the funding process 2011–2012

| | |
|----------|---------------------------------------|
| Mid Oct | Grant process opens |
| Nov | Council Officer advice available |
| Late Dec | Applications close |
| Jan/Feb | Initial evaluation by Council Officer |
| Late Feb | Grant Panel |
| March | Groups advised / contracts issued |
| April | Feedback available |



Funding criteria

Mark outlined that the new funding process had adopted the funding criteria suggested at the 'Making it Better' consultation event in May 2011, including:

- match with service priorities;
- outcomes and capacity to deliver these;
- financial viability;
- quality;
- impact;
- no limit to amount requested;
- groups encouraged to consider what they wanted to provide and how that would meet priorities;
- principles of GIRFEC/Early Years Framework;
- more widely advertised.

Professor Tony Bovaird outlined some ways in which other local authorities are tackling this issue, emphasising that Argyll and Bute is not the only council facing these difficulties. Some councils are now experimenting with 'quasi-grants', which essentially give grants to third sector organisations whose bids offer attractive levels of outcomes to a council, with the understanding that the grants will not be renewed if those outcomes are not achieved – but with an agreement that the review of the grant will only take place after sufficient time has elapsed for achievement of outcomes realistically to be demonstrated. This avoids the difficulties of setting and policing contract specifications where it is unclear exactly how outcomes will be achieved. A famous example is given by US federal funding of state and local Workforce Investment Boards (WIBs), which have an economic development remit. A state that fails to meet its agreed level of performance for one year is given 'remedial' support and assistance. After two years of failure it may be subject to a five per cent reduction in its annual grant. Similar conditions often apply to state contracts with providers where some states may impose financial penalties for continued failure but where more generally weak "performance on required measures appears to be more important in contract re-competitions and exercise of subsequent-year options"¹. The legal services section of the Council is currently considering the impact of the new three-year funding approach within EU procurement rules.

Mark also acknowledged some process management problems which had occurred due to the tight timescales – he suggested these were typical 'first year problems' and should be smoothed out once the new funding scheme has become more established. He acknowledged the concerns of some selected third sector organisations about the grant panel presentations. The group discussions by the participants following his presentation highlighted potential ways forward for improving how the grant panel operates.

In concluding, Mark confirmed that there will be a grant process for next year based on what the Council

¹ UKCES (2010), *Outcome based commissioning: Lessons from contracting out employment and skills programmes in Australia and the USA*. London: UK Commission for Employment and Skills (p. 15).

did this year. However, it is likely that a number of services will be subject to a more formal commissioning process involving tendering rather than continuing

as grants. A commitment was made to ensure groups were advised of any changes.

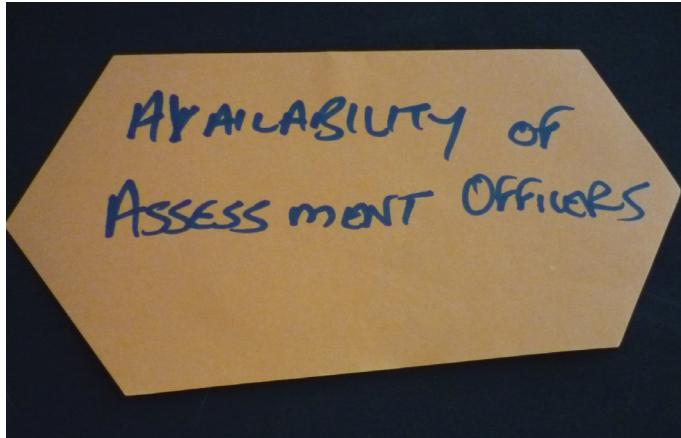
Experiences with the new grant scheme: The case of the Family Mediation Service

Tanya Macdougall, Director of the Family Mediation Service, Argyll and Bute, presented a case study to the participants of her experiences in applying for a grant under the new funding process. Overall Tanya thought that:

- › the new funding process was much better than the previous process;
- › in particular, the application form was much more user-friendly; and
- › the opportunity was welcome of applying for three-year grants.

Apart from some communication hick-ups, Tanya's main complaint related to the way the assessment panel had operated – she felt that:

- › The panel had been too big.
- › The panel members had not introduced themselves to the applicants, who therefore did not know how to pitch their answers when a panel member asked a question.
- › She had received no information from her Council assessor prior to the presentation, which would have allowed her to prepare her presentation more effectively.
- › Overall, she had had to invest a lot of time, including travel time, just for a 5-minute presentation and 10-minute questions-and-answers session.



Group work: The new principles for grant allocation – strengths, weaknesses and suggested improvements

In this session, participants were invited to discuss in groups what has worked, what hasn't and describe new ways forward.

Overall, participants were very satisfied with the consultation process and felt that their views had been taken on board. Apart from the workings of the grant panel, they were also satisfied with the way the grants process had worked this year. The discussion showed that most issues boiled down to problems related to a new process being implemented for the first time. Mark Lines was confident that the second round would be much easier for everybody involved.

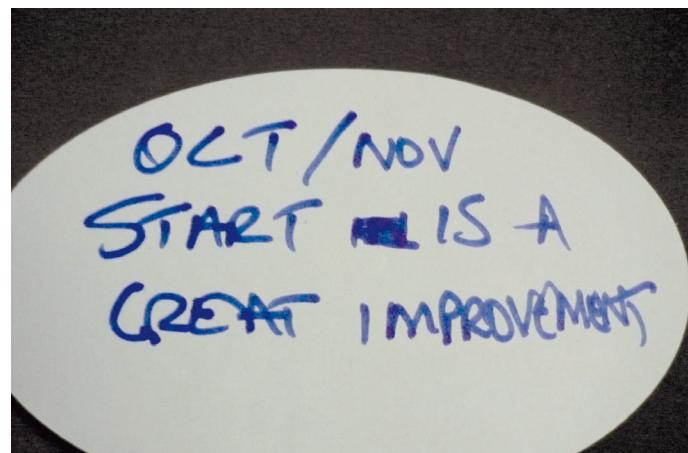
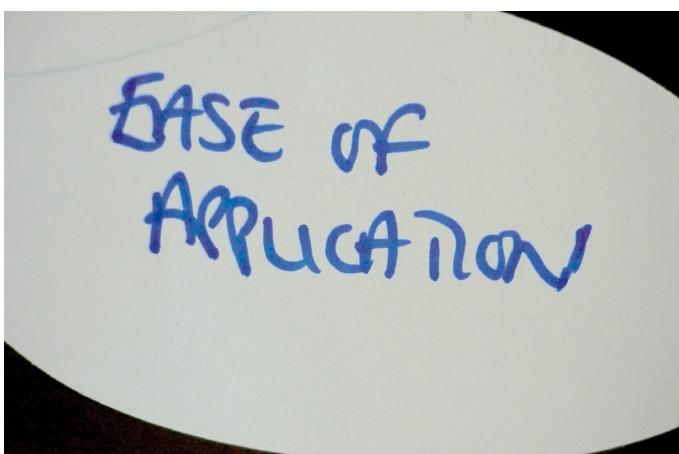
The participants identified the following key strengths of the new funding process:

- The consultation process had been rewarding – “We made a difference”. It had been useful to learn how the Council and other third sector organisations operate.
- A process is now in place to build on.
- The pace of the process is now better – starting in October/November is a great improvement.
- Ease of application.
- Transparency of process.
- Organisations were aware of funding decisions in advance of 1st April.
- Fits with national outcomes and personalisation agenda.

The key weaknesses of this year's process were pointed out to be:

- The very tight timescales for this year limited the availability of assessment officers to third sector organisations, especially those called to interview at the grant panel.
- Time allocated to presentations at grant panel felt too short to presenters. And the purpose of the interviews needed to be clearer. Some suggested that the atmosphere needed to be more one of equality, so that the third sector did not feel undervalued. Moreover, some were concerned that the panel presentations took up a significant amount of their time.
- Limited feed-back from the wider third sector has meant that some issues, wisdom, and opportunities may have been missed during the consultation.
- The new framework still has to be fully embedded.
- The timescale agreed for this year was very tight, so the process had to be rushed.
- Inconsistent communication with applicants, once process started.
- The resource impact on the Council of operating the process was underestimated.

The participants suggested the following improvements:



- More direct communication with applicants and potential applicants.
- Quality control on whether the named contact person of the Council provides effective and timely advice to third sector organisations before and during the application process.
- A smaller panel which would only focus on 'controversial applications' where pre-assessments had not agreed.
- Feedback loop for successful and unsuccessful applicants.
- Weighting of scoring criteria should be published.
- ICT should be improved, e.g. give applicants an online password so that documents are effectively signed (saves requests for hard copy).
- Continued partnership working.
- The issue of what should be subject to formal commissioning and what is appropriate for a grant based system needs to be resolved urgently and clearly communicated.

There was some debate on whether a councillor should sit on the grants panel but the participants came to the view that, while there were strengths and weaknesses in this, on balance it would be much better to get the buy-in of councillors outside the application process.

Moving to commissioning of outcomes: the potential role of outcome-based grants

Tony Bovaird led a final discussion on outcome based grants by providing a brief input on developments in Scotland and England. He pointed that there is a strong commitment of the Scottish government to outcome-based management. A practical way forward could be the '[Talking Points approach developed by the Joint Improvement Team of the Scottish Government](#)' which help providers of social and health care to prioritise outcomes with service users.

While there was a general consensus that it makes sense to focus more on outcomes, the participants were not sure whether they would like to get paid based on the outcomes achieved. As a participant pointed out, it may take five years or longer to see some tangible outcomes in the case of Children and Family services. Another participant saw the risk that 'payment by results' may advantage organisations with 'easy-to-achieve' outcomes. Mark Lines pointed out that the new funding criteria already put a strong emphasis on outcomes, which may be made even more explicit next year.



... and finally

Mark concluded the event by thanking all the participants for their contributions and assured them that their inputs will be taken on board to make the funding process even better next year. He announced that there will be more workshops and other events during the year in order to spread information about the process further. James Hilder highlighted that the Social Enterprise Academy offers free courses on how to make grant applications more effective and that ABSEN would be well placed to provide further workshops on the new funding process to third sector organisations. Finally, Arlene Cullum suggested that the social impact toolkit, in development through the Argyll and Bute Local Services Initiative, might be useful in providing organisations with a basis for demonstrating their impact and the impact if their service is withdrawn.

Elke Loeffler thanked everyone for their active participation and promised that this report would be circulated.

