

Third Sector Partnership Working – Vale of Glamorgan Council

Audit year: 2020-21

Date issued: July 2021

Document reference: 2512A2021-22

This document has been prepared for the internal use of Vale of Glamorgan Council as part of work performed in accordance with section 17 of the Public Audit (Wales) Act 2004, section 18 of the Local Government Wales Measure 2009 and section 15 of the Well-being of Future Generations Act (Wales) 2015]. It may also inform a study for improving value for money under section 41 of the 2004 Act.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

The Council's arrangements support its current way of working with the third sector, but now could be strengthened to maximise opportunities to enhance its relationship to support the delivery of the Council's strategic recovery priorities.

Summary report

Summary 5

Proposals for improvement 6

Detailed report

The Council's arrangements support its current way of working with the third sector, but now could be strengthened to maximise opportunities to enhance the relationship to support the delivery of the Council's strategic recovery priorities 6

The Council's arrangements serve it well for its current way of working with the third sector 6

The pandemic has highlighted the importance of the third sector in helping communities and there are opportunities to enhance its role 7

The Council is keen to work more collaboratively with the third sector and will need to consider how its arrangements, including its approach to funding and oversight, need to adapt to support such a shift in culture 8

Appendices

Appendix 1 – checklist for local authorities effectively engaging and working with the third sector 12

Summary report

Summary

What we reviewed and why

- 1 This project builds upon our review of the Vale of Glamorgan Council's (the Council) Reshaping Services Programme, which we undertook between December 2019 and February 2020¹. One of the proposals for improvement in our review report was that 'The Council should consider what more it can do to work with partner organisations in order to help deliver the partnership objective of the Reshaping Services Programme'.
- 2 One of the Council's strategic recovery priorities is to: 'Harness the power of volunteering and working with third sector partners and community groups to build a legacy for Vale Heroes.' A number of the Council's other strategic recovery priorities also emphasise the need to work with partners.
- 3 Our review sought to answer the question: Are the Council's arrangements with the third sector effectively supporting the Council to achieve its strategic recovery priorities?
- 4 In doing this review, we drew upon the findings from our local government study report **Local Authority Funding of Third Sector Services**² which examined the effectiveness of local authorities' arrangements for funding third sector services.
- 5 We undertook this review during the period October 2020 to December 2020.

What we found

- 6 We found that the Council's arrangements support its current way of working with the third sector, but now could be strengthened to maximise opportunities to enhance the relationship to support the delivery of the Council's strategic recovery priorities.
- 7 We reached this conclusion because:
 - the Council's arrangements serve it well for its current way of working with the third sector;
 - the pandemic has highlighted the importance of the third sector in helping communities and there are opportunities to enhance its role; and
 - the Council is keen to work more collaboratively with the third sector and will need to consider how its arrangements, including its approach to funding and oversight, need to adapt to support such a shift in culture.

¹ [Audit Wales – Reshaping Services Programme Review](#)

² [Audit Wales – Local Authority Funding of Third Sector Services](#)

Proposals for improvement

Exhibit 1: Proposals for improvement

The checklist from our 2017 national report entitled **Local Authority Funding of Third Sector Services** is set out in full in **Appendix 1**. Although we recognise that the Council has previously completed this checklist and reported it to the Voluntary Sector Joint Liaison Committee, we have picked out below what we consider to be the key areas of the checklist for the Council to focus on as it reconsiders its relationship with the third sector, as well as including some additional proposals for improvement to reflect current circumstances.

Proposals for improvement

P1 The Council should reconsider the checklist set out in **Appendix 1**, in particular the following sections:

- Vision
- Corporate strategy
- Compact
- Understanding engagement with the third sector
- Designing services
- Training
- Performance review

P2 As part of the review of the compact, the Council should reflect how it wants to work with the third sector to help deliver its strategic recovery priorities, how it can build on the positive work during the pandemic, and consider how it can strengthen its application of the sustainable development principle.

P3 The Council should consider the level of resources and investment required to achieve a more collaborative way of working with the third sector and reflect this in its Medium Term Financial Plan.

P4 The Council should consider what actions it can take to help the third sector adjust to a more collaborative way of working.

Detailed report

The Council's arrangements support its current way of working with the third sector, but now could be strengthened to maximise opportunities to enhance the relationship to support the delivery of the Council's strategic recovery priorities

The Council's arrangements serve it well for its current way of working with the third sector

Current strategic position

- 8 In 2019, in its response to the checklist in our 2017 national report, the Council stated that its vision for working with the third sector was set out in its compact with Glamorgan Voluntary Services (GVS) and that its Reshaping Services strategy sets out the valuable role that the third sector can play in supporting the delivery of priority services.
- 9 GVS is a key partner for the Council and is the umbrella body for a large part of the third sector in the Vale of Glamorgan. The compact with GVS sets out a framework for the Council and the voluntary sector to work together as equal partners. The people we spoke to as part of this review agreed that the Council has a constructive relationship with GVS and the wider third sector.

Current governance, administrative and performance management arrangements

- 10 The third sector is made up of a diverse range of organisations and services, ranging from large, national and international charities to informal arrangements between a few volunteers. Both ends of this spectrum are represented in the Vale of Glamorgan.
- 11 Third sector interviewees that we spoke to were broadly content with the Council's administrative arrangements. For example, the process for applying for funding was not seen as onerous, and the Council's monitoring arrangements for third sector funded projects were seen as proportionate.
- 12 In the Council's Housing and Social Services departments, there are well-established contractual arrangements that are regularly monitored by the Council. Many of these are part of the Supporting People Programme, a Welsh Government funded programme that provides housing-related support services. As such, recipients of the funding are required to meet a range of reporting and service level

agreements. Usually, the recipients are well-established organisations with a professional workforce.

- 13 In 2017, the Council consolidated several small grant funding streams into the Strong Communities Fund, in order to streamline and simplify the application and evaluation processes. The sums of money involved are typically quite small and cover a diverse range of subjects. Applications are often from groups or individuals that operate on an informal or voluntary basis.
- 14 In our view, the Council's current evaluative arrangements for the third sector, outside of the Supporting People Programme, are largely transactional. For example, they tend to focus on the number of activities carried out, often without much context or reference to quality or impact.
- 15 It is positive that the Council has a Voluntary Sector Joint Liaison (VSJL) Committee, which is seen as a helpful forum for members and third sector representatives to come together. The VSJL Committee provides high level oversight of the compact. Under the terms of the compact, the Committee assesses progress in achieving the compact's aims. This is done through setting and reviewing actions in a work plan, which the VSJL Committee formally reviews annually. It provides high level oversight of the compact.

The pandemic has highlighted the importance of the third sector in helping communities and there are opportunities to enhance its role

- 16 The pandemic has forced all of us to do things differently. As highlighted in the Local Government Association's document³ in June 2020, across the country, we saw a huge increase in the number of people willing to volunteer to help people in their communities. The Council has worked with the third sector and other partners to respond to the pandemic. For example, the Council has facilitated the Llantwit Major food poverty pilot project where it brought existing organisations together to see whether they can have a greater impact by working collaboratively. This pilot is an interesting example of the Council facilitating a partnership approach to an area of emerging need. The Council should evaluate the impact of this project and any lessons learned, as it has indicated it is a pilot to ascertain the extent to which this work could be scaled up or duplicated in another locality.
- 17 Our 2017 national report set out the advantages of increasing the involvement of third sector organisations. Third sector organisations can be sensitive to local circumstances and able to respond flexibly to the diverse needs of communities. Third sector bodies can often be financially competitive, as their base costs are comparatively low and, as charities, they reinvest surpluses made back into the services provided. Post-pandemic, it is likely that these advantages will be even more important to councils. The future is uncertain, but most councils are expecting

³ Local Government Association – Accessing Support: the role of the voluntary and community sector during COVID-19

increasing demand for some of their services, alongside a decrease in income from Council Tax, not least because the pandemic has had a disproportionate impact on people who were already vulnerable or disadvantaged. Councils will need to be innovative and imaginative to try to meet the challenges ahead. The third sector can play a valuable role in helping councils do this.

- 18 In the early stages of the pandemic, the Council and GVS developed the Vale Heroes initiative. Vale Heroes brings a range of resources together in one place on the Council's website. People are able to ask for support, search a database of voluntary groups, register as a volunteer and find links to a range of guidance and support. The Vale Heroes directory was compiled by GVS from their existing directory. GVS continues to update the directory regularly.
- 19 As set out in its Coronavirus Recovery Strategy (CRS), the Council has set some recovery principles and sees 'an opportunity unlike any other to fundamentally think about the way in which the Council operates and to transform'. The CRS contains a commitment for the Council to follow its strategic principles in partnership with its public, private and third sector partners and the residents of the Vale of Glamorgan. As such, there is an opportunity for the Council to build on the work done with the third sector, particularly during the pandemic, and to take a more ambitious and collaborative approach to its work with the third sector. If the Council decides it wants to take that opportunity, it will need to articulate what it wants from the third sector and understand what the third sector can do for them. This will mean doing things differently, which will present new challenges and issues which we consider in the section below. The Council's ambition in this area chimes with one of the original aims of the Reshaping Services Programme which was 'to develop the Council and its partners to ensure they are able to meet future challenges'.

The Council is keen to work more collaboratively with the third sector and will need to consider how its arrangements, including its approach to funding and oversight, need to adapt to support such a shift in culture

- 20 Our view is that the Council's strategic approach and arrangements are reasonable for its current relationship with the third sector. However, it is positive to see that the Council is taking the opportunity to consider how it can work with the third sector more effectively. It has a clear ambition to work differently with its partners. One of the Council's strategic recovery priorities is to 'Harness the power of volunteering and working with third sector partners and community groups to build a legacy for Vale Heroes'. A number of the Council's other strategic recovery priorities also emphasise the need to work with partners. A report entitled **Renewing Reshaping: The Next Steps for Transformation** went to Cabinet on 8 March 2021. This report sets out the challenge of 'Reshaping with Our Community: To challenge ourselves to work differently with our community, partners and the third sector to take collective action and empower others to meet future

challenges.’ To do this, many of the themes and pointers in our national report and supporting checklist remain valid for the Council to consider, but we have highlighted some specific areas below.

Strategic considerations

- 21 The existing compact with GVS expires in 2021. This provides a timely opportunity for the Council to review and set out how it wants to work with the third sector to help deliver its strategic priorities and to build on the positive work during the pandemic. It would be a real opportunity for the Council to consider how it can strengthen its application of the sustainable development principle in accordance with the Well-Being of Future Generations (Wales) Act 2015. For example, it could maximise the role of the third sector in its preventative work and involve the third sector more in the design and delivery of services.
- 22 There needs to be a collective understanding across the Council as to what its ambitions are in terms of its relationship with the third sector and how it is going to achieve this. A change in approach will require clear leadership as well as both member and officer ownership and third sector buy-in.
- 23 The Council will also need to consider what a more collaborative way of working with the third sector would mean for its approach to funding. For example, the Council will need to consider the level of resources and investment required, and any medium to long-term implications of a different funding approach and reflect this in its medium-term financial plan. The Council has reviewed its funding to the third sector to identify areas of duplication, but to support a more enhanced relationship, it will need to do this more systematically to ensure it has a comprehensive understanding of its third sector funding to use its resources efficiently, effectively and economically, and to ensure it keeps this under review. Our national study report underlined the importance of this.
- 24 Moving towards a more collaborative approach with the third sector, potentially where the sector is involved in the design as well as delivery of services, may mean a change in the balance of control for the Council, and a potential change from its traditional position as the commissioner or senior partner. Embedding a more collaborative relationship successfully would mean a significant cultural shift for the third sector, the Council and its officers, who are likely to need support in order to transition to this new way of working. This cultural shift also needs to take into account the Council’s ultimate accountability for its statutory responsibilities, and its need to demonstrate good outcomes and value for money. The potential degree of cultural change on both sides should not be under-estimated, but our national report emphasised the benefits that could be achieved, and there was a willingness from both the Council and GVS to build on the relationships and experience.

Capacity and appetite for change

- 25 The third sector is made up of organisations of various sizes with differing capacity to engage with the Council. The pandemic has seen an increased demand for some organisations' services whilst limiting their ability to conduct their normal fundraising activities. Aside from the pandemic, third sector organisations typically direct the vast majority of their resources to front line delivery. This may leave limited capacity for the third sector to engage in more strategic or speculative discussions that may not have a concrete proposal or funding at the end of it. The Council, therefore, will need to ascertain the level of appetite amongst the third sector to shift to a different approach.
- 26 As set out in our 2017 local government study report, building capacity within the third sector to ensure organisations are able to participate in strategic funding processes, is an important role for councils. The Council will need to consider how it can support third sector organisations to help it adjust to a more collaborative way of working. Any changes to the relationship are likely to be incremental, with a view to achieving medium to long-term change.
- 27 The Council will also need to consider its own capacity to realise its aspirations about working with the third sector. Working with the third sector is a part of many people's roles. Currently, the Council has no central dedicated resource for co-ordinating and overseeing the strategic direction of work with the third sector. During the pandemic, Council officers and third sector representatives have worked extremely hard to rise to the challenges they were faced with, but it is doubtful that such an approach is sustainable without using resources in a different way. Our 2017 national report found that few councils had a designated corporate lead for the third sector, and highlighted some of the benefits of doing so. Our report found that it is difficult for local authority officers to understand the diversity and complexity of their local third sector and that there needs to be early and effective engagement with the third sector to help design and provide services that maximise the third sector's expertise and use resources wisely. It is clear that any change to the Council's relationship with the third sector needs to be mutually beneficial, and expectations on both sides will need to be managed.

Governance and oversight arrangements

- 28 One of the findings in our 2017 report was that councils are unable to consistently evidence the impact of their work with the third sector. The Council will need to strengthen its oversight and performance management arrangements if the third sector plays a more central role in helping the Council deliver its priorities and the Council invests a greater proportion of its money and resources in the third sector. As we described earlier, outside of the Supporting People programme, our review found that the Council tends to focus on the more transactional elements rather than outcomes from its work with the third sector. The Council would need to ensure it has clear and proportionate reporting and evaluation arrangements in place. Currently, the VSJL Committee is more of a consultative forum than a scrutiny or oversight mechanism, but as an established committee, it has the

potential to strengthen its role. There is also potential for the further involvement of scrutiny committees in providing additional oversight.

- 29 As our national report stressed, to have an effective relationship with the third sector, the Council will need to ensure that it has a clear understanding of the totality of its spending on the third sector and the evidence to assure itself that its resources are being used efficiently, effectively and economically to contribute to the delivery of the Council's priorities and improved outcomes, without placing a disproportionate administrative burden on small organisations. This would include evaluating schemes and considering how the ones working well can be mainstreamed or scaled up.

Appendix 1

Checklist for local authorities effectively engaging and working with the third sector

Exhibit 2: checklist

The following checklist is from our January 2017 national report entitled **Local Authority Funding of Third Sector Services**:

Area	In place	Under development	Not in place
1. Strategic arrangements			
Vision			
The local authority has an agreed vision on how it will work with the third sector that covers all services and all third sector funding.			
The vision has been shared with, and is understood by, all relevant staff in the local authority.			
The vision has been shared with, endorsed by and is understood by elected members.			
The vision has been shared with, and is understood by, the local county voluntary council.			
The vision has been disseminated to third sector organisations working with the local authority.			
Corporate strategy			
The local authority has a corporate strategy for working with the third sector that covers all departments and services.			
The strategy translates the corporate vision into practical actions.			
The local authority has designated a corporate lead for the third sector who is responsible for overseeing and coordinating the totality of the local authority's third sector funding.			

Area	In place	Under development	Not in place
1. Strategic arrangements			
Compact			
The local authority has an up-to-date compact with the third sector.			
The compact clearly outlines and defines the relationship and expectations of the local authority and the third sector in working together.			
There is a shared understanding between the local authority and the third sector about what can be achieved through working together.			
The compact is tailored to the needs of the local area and has been developed in partnership with the third sector.			
The compact is reviewed regularly.			
The compact considers funding made to the third sector from health bodies and police and crime commissioners.			
County voluntary council			
The local authority and the county voluntary council have agreed the latter's remit and responsibilities as well as its limitations.			
There is agreement on how and what the county voluntary council represents the third sector on.			

Area	In place	Under development	Not in place
1. Strategic arrangements			
Partnership arrangements			
The role of the third sector is identified and agreed on all suitable and required partnerships and committees at a:			
<ul style="list-style-type: none"> corporate level – in the work of strategic partnerships and corporate scrutiny committees; 			
<ul style="list-style-type: none"> department level – in specific partnership arrangements to support wider policy agendas within defined areas; and 			
<ul style="list-style-type: none"> service level – on local partnerships and specific service-led initiatives. 			
Understanding engagement with the third sector			
The local authority has a central record of all funding to third sector organisations made by the local authority which is refreshed annually.			
The local authority collates financial information and reports at least annually on the totality of its third sector funding showing:			
<ul style="list-style-type: none"> which organisations are funded by the local authority; 			
<ul style="list-style-type: none"> the contract value; 			
<ul style="list-style-type: none"> which funding mechanisms, either grant or contracts, have been used; 			
<ul style="list-style-type: none"> the length of the contract; 			
<ul style="list-style-type: none"> which department/service has contracted the third sector organisation; 			
<ul style="list-style-type: none"> the measures of success established for the work; and 			
<ul style="list-style-type: none"> what the intended benefits of the work are. 			

Area	In place	Under development	Not in place
2. Funding processes			
Designing services			
The local authority draws on the third sector's expertise and knowledge in designing new services to be provided by the third sector.			
In designing services, the local authority clearly sets out:			
<ul style="list-style-type: none"> • what demand the service is meeting; 			
<ul style="list-style-type: none"> • how it has decided on the type of service that it requires; 			
<ul style="list-style-type: none"> • whether innovative solutions are required; and 			
<ul style="list-style-type: none"> • how the local authority will engage with current and potential providers to further refine and develop the service. 			
Effective award systems			
The local authority has established a single centralised and corporate funding system for the management and ward of all third sector monies.			
The local authority has effective systems to award funding to organisations that sets out:			
<ul style="list-style-type: none"> • a clear funding timetable that is available to all potential bidders so that they can prepare for opportunities; 			
<ul style="list-style-type: none"> • the process that will be used to make a decision (for example, seeking quotations or using a tender or proposal process); 			
<ul style="list-style-type: none"> • the value and risk associated with the various funding routes; 			

Area	In place	Under development	Not in place
2. Funding processes			
Effective award systems			
<ul style="list-style-type: none"> whether light-touch processes in line with the EU Public Contracts Directive are possible for appointing organisations to deliver the work; 			
<ul style="list-style-type: none"> clear and published criteria that are understood by all organisations seeking funding, including community benefit clauses; 			
<ul style="list-style-type: none"> the cost and resources required for the local authority to oversee and administer the process; 			
<ul style="list-style-type: none"> the length of time that funding will be provided; and 			
<ul style="list-style-type: none"> how full cost recovery will be addressed. 			
Efficient award systems			
<p>The local authority has efficient corporate systems to award funding based on:</p>			
<ul style="list-style-type: none"> concise and clear application processes; 			
<ul style="list-style-type: none"> use of online and electronic systems to distribute and collate information and bids; 			
<ul style="list-style-type: none"> short end-to-end decision-making arrangements; 			
<ul style="list-style-type: none"> the minimum number of stages and processes required to make a decision; and 			
<ul style="list-style-type: none"> decisions being delegated to the lowest level. 			

Area	In place	Under development	Not in place
2. Funding processes			
Grants or contracting			
The local authority has set out the circumstances when it will use grant funding and when it will contract for services. This has been shared with all potential bidders, including the third sector.			
The local authority ensures that this process is consistent and appropriate to the risks and size of the funding provided.			
The local authority's contract terms and conditions are proportionate to the level of funding being made and are specific to the work that is being funded.			
The local authority reviews these funding processes to ensure they are not unintentionally excluding third sector organisations from securing local authority work.			
Training			
The local authority provides training to support the third sector covering:			
<ul style="list-style-type: none"> • how to apply for funding – the dos and don'ts; 			
<ul style="list-style-type: none"> • complying with the local authority's procurement systems; 			
<ul style="list-style-type: none"> • data collection processes; 			
<ul style="list-style-type: none"> • performance management and scrutiny arrangements; 			
<ul style="list-style-type: none"> • payment cycles and performance targets; and 			
<ul style="list-style-type: none"> • contract termination/continuation requirements. 			

Area	In place	Under development	Not in place
3. Managing performance			
Information collection			
The local authority has specified the information required to monitor and evaluate the performance of third sector organisations it funds and this is set out in the agreement for funded work.			
The information only measures relevant activity.			
The systems to collect information are streamlined and efficient, and third sector organisations only submit information once and electronically on agreed timescales.			
Performance review			
The local authority regularly reports third sector funding to scrutiny committee(s) against a balanced and local-authority-wide set of performance information. This covers:			
<ul style="list-style-type: none"> • clear standards of how and what third sector organisations are required to perform against specific to the service the local authority funds; 			
<ul style="list-style-type: none"> • conclusions of external audit/inspection reviews; and 			
<ul style="list-style-type: none"> • relevant service-based performance data. 			
The local authority has the right processes in place to scrutinise and judge performance. These should be proportionate to the value of the funding but ensure that they provide the local authority with assurance that its funding is achieving the expected outcomes.			

Area	In place	Under development	Not in place
3. Managing performance			
Risk management and internal audit			
Risks associated with third sector funding are considered at both a corporate and service level in developing and agreeing risk management plans across the local authority.			
A rolling programme of internal audit systems testing and compliance reviews is undertaken on the local authority's funding of third sector services, systems and practices.			



Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.