

Implementation of Greater Manchester VCFSE Accord and Fair Funding Protocol

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GM VCFSE Accord

- Approved September 2021 by GMCA and GM Health and Social Care Partnership
- Subsequently agreed through Exec structures of all 10 GM local authorities
- 5-year implementation plan in place for enabling work led at a GM footprint. Currently supported by Delivery Plan (2023-2026)
- 8 workstreams: Population Health, Commissioning and Investment, Inclusive Economy, VCSE Ecosystem, Leadership and Influencing, Communication, Workforce and Equalities.
- Supported by 'Accord Commitments Group' and GM VCFSE Forum.

GM VCFSE 'Fair Funding Protocol'

- A principles-based 'fair funding' agreement which sits with the GM VCSE Accord
- **GMCA only** - includes services that the VCFSE sector carries out which are funded by the GMCA budget in Greater Manchester
- Starting with **new contracts** and represents a **shared ambition within the confines of funding conditions set externally from the CA**
- The Protocol will be used to guide how the Combined Authority plans its grant funding, commissions and managed contracts with VCFSE organisations
- Approved by the CA at the end of October 2023

GM VCFSE 'Fair Funding Protocol' – suggested benefits

- Support improved partnership working and co-creation of services
- Enable fairness and transparency in the financial relationship between the VCFSE and public sectors
- Reduce the likelihood of unrealistic financial expectations by either sector
- Enable risk sharing
- Improve the ability of the VCFSE sector to provide publicly funded services in communities, and the resilience of those services

GM VCFSE 'Fair Funding Protocol' – includes....

- Where funding conditions allow, offering an **annual uplift in contract or grant payments** in line with inflation which enables VCFSE organisations to continue to pay staff at least the Real Living Wage.
- Where we are able and funding conditions allow, considering **minimum 3-year terms for grant funding agreements**.
- **Not passing on any budget cuts** disproportionately to the VCFSE sector
- Providing **more regular or upfront payment** of existing grants where we can
- **Carrying forward** unspent funding or 'rolling over' recurrent grants between financial years without the need for lengthy applications
- Ensuring that a **minimum of three months' notice** is given in writing for all major changes to contracts and grant funding agreements, where these are known.

GM VCFSE 'Fair Funding Protocol' – areas for further joint development with the VCFSE sector

- Deliver our commitment to improve supplier diversity by **reserving some contracts** for Voluntary, Community, Faith and Social Enterprise (VCFSE) or Small and Medium Enterprise (SME) organisations.
- Where relevant, **consider VCFSE benchmarks** such as relevant pay awards, inflationary / cost of living pressures and impact on the viability of VCFSE organisations alongside other delivery considerations in our budget setting and commissioning processes.
- **Explore 'Priceless Procurement'** whereby the price is set, and evaluation is based purely on quality of delivery.
- **Improve access to procurement** by publishing pipelines, advertising opportunities using sector communication channels, shifting compliance requirements towards development opportunities for winning bidders, and simplifying below threshold processes.
- **Build capacity** by providing more pre-procurement engagement, supporting the sector to articulate their social value offer, and providing data on successful VCFSE contracts as well as those where no VCFSE organisations applied, thereby informing review processes and identifying learning for future commissioning and procurement processes.
- **Facilitating collaboration** by allowing service / process co-design (building on the successful model used for GMCA Probation procurements in 2022) and creating and supporting networks that can form consortia bids.

View from the VCFSE sector... why we like the idea of a Fair Funding Protocol

- **Static levels of grants** and issues such as no ££ uplift on public sector contracts
- Locality authority **insourcing** agendas - and how it might impact VCSE organisations and their work
- The **TOMs Framework** – designed for private sector organisations to demonstrate their ‘added’ social value (not social sector organisations to demonstrate their full impact)
- **Central government** decisions - and how they affect our people and communities – focus here on local discussions and agreements
- **Focus on tackling inequalities** – how we close the divide
- The current **Cost of Living Crisis** – and how we manage increasing demand on our services – in the context of poverty
- **Income is decreasing, yet demand is increasing** – parts of the sector are at breaking point
- **Health** – changes to locality health budgets are impacting the sector – hence the need for the VCFSE sector to work closely with council colleagues to support our people and place

Implementing the Protocol...

Discussion

GMCA is leading the way with this Protocol, and it is very early stages with its implementation. CA officers are now considering how to roll out the principles through our new Procurement Strategy and Commissioning Guidance.

However, there is an opportunity to consider how this approach to building financially resilient VCFSE sector activities and services might be adopted by individual local authorities or public sector partners.

Overview and Scrutiny Committee members are asked to discuss:

- **How might we create a culture where the strength of working relationships mean that the principles of 'fair funding' are fully embedded across all the work of the Combined Authority?**
- **Should, and if yes how, might individual local authorities take forward a Fair Funding Protocol in their own areas?**
- **What risks might be associated with implementing a Fair Funding Protocol, and how will we know that it is being successful?**