

Greater Manchester Combined Authority Overview and Scrutiny Committee

Date: 20th March 2024
Subject: Implementation of Greater Manchester VCFSE Accord and Fair Funding Protocol
Report of: Cllr Arooj Shah, GM Portfolio Leader for Communities and Equalities, Andrew Lightfoot, GM Portfolio Chief Executive for Communities

Purpose of the Report:

In September 2021, the Combined Authority approved a new tripartite Accord agreement with the Voluntary, Community, Faith and Social Enterprise (VCFSE) sector and NHS Greater Manchester, to act as a framework for collaboration involving VCFSE leaders and organisations in the delivery of the Greater Manchester Strategy (GMS) and the thematic strategies and delivery plans that will exist to deliver the GMS vision. This Accord has been endorsed through the Executive structures of all ten of the GM local authorities. It is clear that a huge amount of progress has been made at a GM level since the signing of the Accord, with VCFSE sector representatives “at the table” in the places where important decisions are made across the NHS, Health and Social Care and GMCA partnerships. The sector is playing a strong role across all the commitments and thematic areas of the GMS, and improvements have been made for the sector’s workforce, in communication, in partnerships and in service delivery.

However, like the public sector, VCFSE organisations also face significant financial pressures at this time, and the Accord includes a commitment to work together to build a financially resilient VCFSE sector. In October 2023, the GMCA agreed a Fair Funding Protocol to be implemented in new grants and contracts for activities and services that the VCFSE sector carries out across Greater Manchester which are funded directly from the CA’s budget.

This report contains an update on the work at a GM level to deliver the VCFSE Accord, describes the work of the sector across Greater Manchester in response to the current cost-of-living crisis and seeks comments from the Overview and Scrutiny Committee on the opportunities which might through the wider implementation of a Fair Funding Protocol across the districts of Greater Manchester.

Recommendations:

Overview and Scrutiny Committee is requested to:

1. Note the progress update provided.
2. Discuss the potential for wider implementation of a Fair Funding Protocol for activities and services that the VCFSE sector carries out across Greater Manchester, using the lines of enquiry outlined in section 5 of this report.

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Equalities Impact, Carbon and Sustainability Assessment:

Results of the [Sustainability Decision Support Tool](#) are included here:

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion	G	<p>The Accord enables involvement of a range of communities of identity, experience and geography, facilitating support and advocacy for particular communities.</p> <p>Key to the work of the VCSE sector under the Accord will be to enhance its ability to tackle poverty and disadvantage</p> <p>The Accord will facilitate the involvement of VCSE organisations in the service reform programme and 'services for people' in localities and neighbourhoods.</p> <p>The VCSE Accord will include work to increase co-design of services, support the GM Equalities Alliance and enable structures that allow communities to have a say in shaping decisions that affect them</p> <p>Involvement of VCSE organisations will be key to work to support community cohesion across GM, and this will be embedded in work to deliver the Accord.</p>	
Health	G	<p>Through key VCSE-led programmes like GM Moving, also through development of structures for the GM-wide Live Well service.</p> <p>The VCSE Accord will build from existing successes around VCSE-led low level mental health programmes.</p> <p>Through key VCSE-led programmes like GM Moving, also through development of structures for the GM-wide Live Well service.</p> <p>Through facilitation of key VCSE-led wellbeing programmes including development of structures for the GM-wide Live Well service.</p> <p>Improving referral pathways and connections for support, via VCSE organisations collaborating with statutory services</p> <p>The VCSE Accord will enable VCSE involvement in key healthy food programmes, and enable a support infrastructure and resilient forms of funding</p>	
Resilience and Adaptation	G	<p>The VCSE sector has an important role to play in creating environmental benefits, reducing carbon use, responding to emergencies and mitigating risks to communities.</p> <p>The VCSE sector has an important role to play in the Coronavirus recovery work</p> <p>The VCSE Accord describes the sector's role in supporting resilience of society and environment</p> <p>A strong agreement with the VCSE sector will enable involvement in key community safety programmes such as the Violence Reduction Unit.</p> <p>VCSE organisations play a significant role in enhancing and maintaining green and blue space in GM</p>	
Housing	G	<p>The VCSE Accord will build from strong experience around the Homeless Action Network, for example</p> <p>Through the VCSE-led community homes programme</p> <p>Through community ownership and management of redundant and underused buildings and public spaces</p>	
Economy	G	<p>The VCSE Accord contains a commitment around making a more inclusive and social economy</p> <p>The VCSE Accord contains a commitment around improvement of workforce capacity and capability, also seeking for the sector to have 100% employees paid the Real Living Wage</p> <p>The VCSE Accord contains a commitment around improvement of workforce capacity and capability, also seeking for the sector to have 100% employees paid the Real Living Wage</p> <p>The Accord will include work to support social enterprises and other social economy organisations to thrive</p> <p>VCSE organisations play a key role in social innovation activities</p> <p>The VCSE sector can leverage funds from charitable funders, social investors and other philanthropic givers.</p> <p>VCSE organisations play a key role in community learning programmes that wrap around statutory provision</p>	
Mobility and Connectivity	G	<p>Focus in the VCSE Accord on accessible services, facilitating the hearing of lived experience from communities and co-design of infrastructure</p> <p>VCSE organisations play a role providing low carbon transport schemes</p> <p>Focus in the VCSE Accord on accessible services, facilitating the hearing of lived experience from communities and co-design of infrastructure</p>	
Carbon, Nature and Environment	G		
Consumption and Production	G	<p>VCSE organisations make commitments to reduce waste in their activities</p> <p>VCSE organisations make commitments to increase reuse and recycling in their activities</p>	
Contribution to achieving the GM Carbon Neutral 2038 target		<p>The UKG are interested in bids which are particularly strong on the need for UKCRF projects to demonstrate a contribution to national net zero and carbon reduction ambitions and this forms a key part of the UKG's assessment criteria. GM priorities should contribute to our carbon neutrality and environmental objectives. We would welcome projects which are innovative, inclusive and support the</p>	
Further Assessment(s):		Equalities Impact Assessment and Carbon Assessment	
 Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport		
Roads, Parking and Vehicle Access	N/A	These may result through implementation of the Accord
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
No associated carbon impacts expected.		High standard in terms of practice and awareness on carbon.
		Mostly best practice with a good level of awareness on carbon.
		Partially meets best practice/ awareness, significant room to improve.
		Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management:

This report is considered to have a low level of risk

Legal Considerations:

All legal considerations are set out in the body of the report

Financial Consequences – Revenue:

To support this work, a budget of £228,400 was approved by the GMCA in September 2020 funded from Cultural Fund met from District contributions, and approval delegated to the GMCA Treasurer, in consultation with the Communities Portfolio Leader and Chief Executive, to award grant agreements, subject to final agreement of GMCA budgets. This funding has been further supplemented by funding from GM Integrated Care Board. In order to ensure affordability, the Fair Funding Protocol will apply only to new funding awards and will be considered as part of prioritising available resources.

Financial Consequences – Capital:

N/A

Number of attachments to the report:

Annex 1 – Draft Fair Funding Protocol

Comments/recommendations from Overview & Scrutiny Committee:

N/A

Background papers:

Information about GM VCFSE Leadership Group and VCFSE Policy Paper –

<https://VCFSEleadershipgm.org.uk/our-work/>

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

GM Transport Committee

N/A

Overview and Scrutiny Committee

To be discussed at this meeting

1. Introduction and Background

- 1.1 The work described in this paper is set within a period of extreme demand and dependence placed on both the public and VCFSE sectors. It is also a time of great uncertainty. Local Authority, health and other public budgets are under immense pressure and that budgeting will have a *direct impact* on VCFSE organisations in terms of grants and commissioning, but also an *indirect impact* (reductions and pressures in public services often displace need and put more pressure on charities and communities). Moving forwards, active involvement of voluntary and faith-based organisations, community groups and social enterprises in places and neighbourhoods will be key to Greater Manchester being able to respond to these pressures and drive the economy, while addressing the priorities of tackling inequalities, building confidence, and co-design of a resilient city region. Put simply, there is a need to **take a practical approach where responsibility and risk are shared**, and the public and VCFSE sectors work together to support places and communities.
- 1.2 In September 2021, the GM Health & Social Care Partnership Executive Board and the Combined Authority approved a new tripartite Accord agreement with the VCFSE sector¹. The Accord is a five-year agreement which will act as a framework for collaboration involving VCFSE leaders and organisations in the delivery of the Greater Manchester Strategy and the thematic strategies and delivery plans that will exist to deliver the GMS vision.
- 1.3 The Accord has now also been endorsed through the Executive structures of all ten of the GM local authorities.
- 1.4 In March 2022, a five-year Implementation Plan for the Accord was published and GMCA and NHS GM jointly fund a programme of enabling work supporting the Accord across Greater Manchester which lasts until March 2026.
- 1.5 This report acknowledges the significant role of Faith and Belief in society and the support faith organisations provide, often to the most disadvantaged, both in terms of spiritual wellbeing and practical services. The VCFSE Accord has always included the community activities of faith-based organisations in GM, and the term

¹ [New Voluntary, Community and Social Enterprise sector Accord signed with Greater Manchester Leaders - Greater Manchester Combined Authority \(greatermanchester-ca.gov.uk\)](https://www.greatermanchester-ca.gov.uk/news/new-voluntary-community-and-social-enterprise-sector-accord-signed-with-greater-manchester-leaders)

Voluntary, Community, Faith and Social Enterprise (VCFSE) sector has been adopted throughout to recognise this valuable work.

2. Delivering the Greater Manchester VCFSE Accord

- 2.1 In April 2023, a Delivery Plan was put in place for the final 3 years of the current VCFSE Accord agreement, which contains an iterative programme of enabling and developmental activities driven at a GM-wide footprint, informed by the support and capacity needs identified through locality working. The three-year period will enable continuity across financial years and facilitate longer-term, transformational programmes of work. The actions invested in at a GM footprint aim to enable and facilitate delivery in localities, neighbourhoods and communities. All commitments will be achieved in partnership. The work aims to provide dedicated support, create capacity and help the VCFSE sector function as a collaborative ecosystem across the city region. Further information about this work can be viewed at [The Greater Manchester VCSE Accord – VSCE Leadership Greater Manchester \(vcseleadershipgm.org.uk\)](https://vcseleadershipgm.org.uk)
- 2.2 In order to support this work, the new **VCFSE Forum** has uniquely brought together representatives from all ten GM Councils, health and VCFSE together to discuss some of the key issues facing Greater Manchester and the VCFSE sector's role in addressing inequality. There is also a new local authority VCFSE Commissioners Group established to share good practice and provide peer support, and the Accord has enabled better partnership working at all levels and across all districts.
- 2.3 Over the next 12 months, the focus of this work will shift further towards improving the responsiveness of the VCFSE sector. The Accord Delivery Plan will include activities to improve system-wide data sharing, capacity building aimed at increasing supply chain spending with VCFSE organisations, building skills and capacity in the VCFSE workforce, strengthening the support infrastructure across all districts of GM, and exploring the best mechanisms to involve people from diverse backgrounds in service design.

3. Enabling effective VCFSE Sector activities in communities

- 3.1 The VCFSE sector has played an increasingly a vital role in communities in the post-Covid period, with activities focused on supporting those in most need in our communities, seeking to address the huge inequalities which exist.

Critical response in the cost-of-living crisis.

3.2 Examples of recent activity across GM include:

- **Distributing emergency funds** – such as the Household Support Fund, Migrant Destitution Fund GM and Other VCFSE-led funding which the sector has secured for Greater Manchester.
- **Information and signposting** – VCFSE organisations play a key role in communicating information about emergency and other support with people and communities.
- **Insight and intelligence about the crisis** – the work of the sector creates a rich source of data and insight.
- **Other broader support activities led by VCFSE organisations** include:
 - Food banks/food pantry - increasing culturally appropriate food offers – Food Solutions Networks.
 - Community warehouse/logistical support/ bulk purchasing/home delivery services
 - Preparing warm spaces/ public living rooms and winter warmth packs.
 - Increasing access to welfare advice and funds – Citizens Advice, and partnerships to extend reach. Multi-lingual welfare advice.
 - Energy efficiency schemes and support
 - Winter volunteering campaigns recruiting additional support.

Barriers and issues

3.3 However, it is clear from the activities around the VCFSE Accord that there is a range of pressures and risks faced in the sector which are affecting the capacity to respond. These include the fact that a significant amount of VCFSE provision is delivered on short term, often COVID-linked, funding. The scale of demand is too great for the current VCFSE provision, with workforce capacity stretched and access to funding to meet the demand on food and advice, for example, is severely limited. Furthermore, inflation costs are hitting the sector hard, affecting what groups can buy/provide for money they have. Pay and conditions in the VCFSE sector workforce are usually benchmarked with the public sector and pay reviews for staff are squeezing budgets, particularly where these are not reflected in contract uplifts.

- 3.4 One example of the impact that this is having can be seen in relation to payment of the Real Living Wage (RLW). VCFSE organisations in Greater Manchester have been leading the way in terms of payment of the RLW and have set a target in the Accord that 100% of employees in the sector are paid at least the RLW by 2026. However, many grants and contracts were developed before the current period of inflation, and the annual uplift in the RLW is appearing to be unaffordable for many VCFSE organisations.
- 3.5 A further example of the pressures which exist in the sector relate to the role of local VCFSE infrastructure. Local infrastructure both supports the wider sector, providing information, advice and guidance, and facilitates community or locality-based and thematic conversations with VCFSE groups and organisations as well as the people that they support. When budgets are tight, it is a false economy to withdraw funding from infrastructure bodies that network, support, and enable activities across the wider VCFSE sector.

4. Supporting a financially resilient VCFSE sector

- 4.1 In signing the VCFSE Accord, GMCA has made an organisation-level commitment to the sector and supporting / enabling the capacity building of VCFSE organisations. It will be important to demonstrate leadership and commitment to the Accord, and the CA does this through a range of activities in addition to providing grant funding.
- 4.2 It should be stressed that the CA is already making significant progress in its operational relationship with the VCFSE sector through the Accord and other workstreams. In Works and Skills, a new Community Grant Scheme has been developed following extensive engagement with VCFSE sector providers and a new role has been created within the commissioning team to work closely with the sector; the CA has made considerable progress against commitments through its social value work towards increasing the diversity of its supply chain (small medium enterprise and VCFSE), contract uplifts have been provided for the VCFSE Accord and GM Equalities Panels, and longer term grant agreements are now provided through the GM Culture Fund, for example. Furthermore, the Greater Manchester Violence Reduction Unit has been having a growing impact since it was set up in 2019 and has received positive recognition by the Home Office for its community-led approaches, which have been developed in partnership with 10GM.

- 4.3 The GMCA has listened to employee feedback through the B-Heard Survey and will be introducing a new Employer Supported Volunteering (ESV) Policy. Implementing this policy will support staff 'personal growth' and 'giving something back' ambitions, highlight to employees in all roles how they can contribute to the Greater Manchester Strategy, and helps deliver more impact in the communities we serve.
- 4.4 Furthermore, through the GMCA Business Plan, opportunities exist to invite VCFSE colleagues to join staff skills development activities, further explore secondments and placements within the CA for VCFSE staff, undertake collaborative research projects and joint work that leads to improved understanding of the work of the VCFSE sector, and put in place mechanisms to enable the brokerage of social value offers in GMCA contracts, for example.

Fair Funding Protocol

- 4.5 In October 2023, the GMCA agreed that a principles-based '**Fair Funding**' **Protocol** should be put in place between GMCA and the VCFSE sector, which further develops Commitment 3 of the VCFSE Accord: *We will build a financially resilient VCFSE sector that is resourced to address our biggest challenges of ending poverty and inequality in Greater Manchester.*
- 4.4 This "Protocol" is a supplementary agreement to the Accord covering activities and services that the VCFSE sector carries out in communities which are funded by the GMCA's budget in Greater Manchester. It will be used to guide how the CA plans its grant funding, commissions, and manages contracts with VCFSE organisations, and will have the following anticipated benefits:
- Supporting improved trust, partnership working and co-creation of services between GMCA and the VCFSE sector,
 - Enabling fairness and transparency in the financial relationship between the VCFSE and GMCA,
 - Reducing the likelihood of unrealistic financial expectations by either partner,
 - Enabling risk sharing between GMCA and the VCFSE sector, and
 - Improving the ability of the VCFSE sector to provide publicly funded services in communities, and the resilience of those services.
- 4.5 The Protocol will apply to new agreements only and represents a shared ambition within the confines of the conditions on external funding pots. It will also set out the CA's intent to further collaborate with the sector through the GM VCFSE Accord on

future strategic planning and commissioning. GMCA accepts that under the current terms and conditions associated with its funding there is often little room to manoeuvre but will use this protocol to set a direction of travel for future funding negotiations. The aim is to maintain an open, honest and regular dialogue between the CA and the VCFSE sector about the challenges we are all facing and how we can help each other.

4.6 The draft Fair Funding Protocol is provided at **Annex 1**. It contains a series of principles which must be thought through before the CA enters into a commissioning exercise, with officers considering whether in any given situation, the CA can:

- Offer 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.
- Consider **minimum 3-year terms for grant funding agreements**.
- **Not pass on any GMCA budget cuts disproportionately** to the VCFSE sector.
- Provide more regular or **upfront payment** of existing grants where we can.
- Assuming suitable performance, **carry forward unspent funding or 'rolling over' recurrent grants** between financial years without the need for lengthy applications, or **including extension clauses in contracts** to avoid unnecessary procurement exercises.
- Ensure 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.

4.7 The Fair Funding Protocol also requires CA officers to consider whether they are able to:

- **Reserve contracts** for Voluntary, Community, Faith and Social Enterprise (VCFSE) or Small and Medium Enterprise (SME) organisations.
- **Provide more pre-procurement engagement**, supporting the sector to understand the commission, respond to opportunities, and articulate their social value offer, for example.
- **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.

- **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.
- **Facilitate collaboration by allowing service / process co-design** and creating and supporting networks that can form consortia bids.
- Work with VCFSE colleagues to **explore appropriate routes to market** alongside commissioning and contracting, including the strategic use of small grants.

4.8 It is also proposed that a VCFSE Fair Funding Protocol Monitoring Group will be established which meets on a quarterly basis to reflect on implementation of the Protocol, discuss the implications of forward strategy and CA budget-setting.

5. Discussion

5.1 GMCA is leading the way with the agreement of this Protocol, and it is very early stages with its implementation. CA officers are now considering how to roll out the principles listed in sections 4.6 and 4.7 above for GMCA contracts. However, there is an opportunity to also consider how this approach to building financially resilient VCFSE sector activities and services might be adopted by individual local authorities or public sector partners.

5.2 Therefore, 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?