

10.00am, Thursday 17 March 2016

Future Governance of Council Payments to Third Parties

Item number	7.6
Report number	
Executive/routine	
Wards	

Executive summary

This report responds to the Capital Coalition's Budget Motion of 21 January 2016 that requested a report on the benefits, outcomes, management and improved transparency of third party payments to the third sector as part of the drive towards greater partnership working.

The report describes the current arrangements for managing third party payments across the Council, the benefits of such investment and outcomes of increased coproduction. It also sets out the proposed changes and improvements in the way that payments to third parties will be corporately managed in the future.

Links

Coalition pledges	P15, P28, P36
Council outcomes	CO7, CO8, CO10, CO14, CO23, CO26
Single Outcome Agreement	SO1, SO2, SO3, SO4

Future Governance of Council Payments to Third Parties

Recommendations

1.1 It is recommended that Committee note:

- 1.1.1 achievements to date of the corporate grants programme and opportunities to further improve the process as identified in the report;
- 1.1.2 the Transformation Programme Payments to Third Parties Workstream will in due course (i) be incorporated into the Commercial Excellence Programme and (ii) be managed by Commercial and Procurement Services (CPS) in 2016/17;
- 1.1.3 that the Council is continuing to listen to feedback on procurement (grant and contract) processes and that a further report on co-production and procurement will be provided in June 2016. This will include detail on new legislative requirements, lessons learned and options for improvements in council practice; and
- 1.1.4 further work will also be undertaken to refresh the Council's Procurement Strategy, Handbook and Standing Orders.

Background

Council Payments (Grants and Contracts) to Third Parties

- 2.1 The Council invests approximately £78m (8% of council revenue) annually in community services to be delivered by over 450 third sector and other providers – this does not take account of self-directed support commitments. These services deliver a range of public policy, Capital Coalition Pledges and strategic priorities across the city and in local communities. In relation to grants and contracts this represents a 36% (£28m) and 64% (£50m) split respectively.
- 2.2 In managing and distributing these sums, the Council is required to demonstrate due diligence in applying a combination of EU and UK legislation, for example; Section 10 (3) of the Social Work (Scotland) Act 1968, Local Government in Scotland Act 2003 and related Best Value requirements, Public Services Reform (Scotland) Act 2010, EU Procurement Directives, Procurement Reform (Scotland) Act 2014, , The Equality Act 2010 and (Specific Duties)(Scotland) Regulations 2012, The Community Empowerment (Scotland) Act 2015. Additionally the following have an important bearing in respect to practice and distribution; Council Contract Standing Orders, Council Procurement Strategy and Handbook, The Community Plan 2015-18, and the Council's Business Plan.

- 2.3 In February 2013 Council instructed that “a review of the grants to third parties process occur during 2013/14, conducted in partnership with third sector stakeholders, to ensure financial stability for organisations and value for money for the Council”. A year later, the Communities and Neighbourhoods Committee agreed a package of reforms on grant management which enabled executive committees to both commission and approve new grant programmes.
- 2.4 As part of corporate action to improve purchasing activity, in 2013/14 committee approved the installation of the Commercial Excellence programme with a number of aims; (i) to ensure best value across all contract spend (goods, works and services), (ii) improve consistency of practice and (iii) generate substantial savings. The programme has to date improved contract management and practice arrangements and has seen around £30m of savings identified.
- 2.5 In spending and distributing public monies the Council must comply with a number of legislative requirements including best value and public contract requirements. Guidance from the Scottish Government on social services, anticipated in April 2016, is expected to clarify exactly when direct awards are permissible and when tendering or open advertisement is expected.
- 2.6 The distinction between grants and contracts can be based upon a number of factors, in general terms the distinction as described in the [Joint Statement on the Relationship at Local Level between Government and the Third Sector \(November 2010\)](#) is:

“Grants are financial contributions to a third party which help to meet an authority's service objectives in the wider community”.

“Contracts are usually used to purchase a specified service for a prescribed price within a clearly defined Best Value framework, which may involve competitive tendering”.

Council Transformation Programme

- 2.7 In January 2015, committee agreed the suite of transformation Business Cases including the following:
- 2.7.1 in regards to the Business Support Services proposals that grant investment and other related types of funding programmes be transferred to the Council's Commercial and Procurement Service (CPS). This was in order to identify a single point of co-ordination, oversight, continuity and management across the range of third party investment programmes as part of the Commercial Excellence initiative; and
- 2.7.2 within the Business Case for Payments to Third Parties for the Provision of Community Services, overall investment to be reduced by 10% over the 2015-18 period.
- 2.8 Recent updates from the transformation programme have indicated that proposed total savings from third parties (grants and contracts) to the value of around £7.8m have been identified (highlighted in Appendix 1) within the Council Budget Framework 2016/20.

- 2.9 The framework to deliver services within localities is currently being developed and will inform which third party investment can be delivered at local level while retaining city-wide opportunities.

Council Budget Motion 2016/17

- 2.10 Council in January 2016 instructed the Chief Executive, as part of the drive towards greater partnership working, to bring forward a report on the benefits, outcomes, management and improved transparency of various funding streams including grants, coproduction, and contracts to the voluntary sector.

- 2.11 In addition to the above, Council:

2.11.1 agreed that work with partner agencies continue to coproduce, maximise outputs and deliver the highest quality of integrated services.

2.11.2 noted the continuing review of the role of the third sector including partnership working, grants and the mechanism for future delivery of services.

Edinburgh Compact Framework

- 2.12 The Compact Partnership continues to be a constructive environment for public/third sector funding relations, supporting positive, purposeful and productive dialogue throughout changes in council funding practice. Future developments as outlined within the report will continue as part of the Council's contributions to the refreshed Compact Framework in May 2015.

Main report

Benefits of investing in third parties

- 3.1 The Council provides investment for third party delivery of community services as:
- the Council may not have the capacity to provide direct services;
 - third sector and private sector providers may be best placed to respond quickly given their proximity to communities and local structures;
 - potential additional social and financial value can be generated, including wider community benefits and greater volumes of services;
 - favourable cost comparisons with direct service provision; and
 - substantial contributions are generated to further the City's equalities, rights and prevention agenda.
- 3.2 As third and private sector providers are not statutory bodies they are not subject to the same legislative and public-sector duty requirements – this can often enable efficient operational governance. These types of organisations can also access funding not available to public bodies, such as private foundations and trusts as well as accessing other financial benefits. Groups however still have to comply with regulatory oversight, for example; the Care Commission, Office of

the Scottish Charity Regulator, Companies House, the Financial Ombudsman, etc.

Current procurement (grant and contract) management arrangements

3.3 Following the review of grant management arrangements as requested by the [Capital Coalition in February 2013](#), the Communities and Neighbourhoods Committee and subsequently Council in February and March 2014 (respectively) agreed the following:

- decisions on the development and awarding of grant programmes should be undertaken by executive committees - moving away from the previous position where the Corporate Policy and Strategy Committee made decisions in order to align with Council policy and strategy;
- in order to achieve savings as part of the Transformation Programme, all executive committees should put in place new coproduced grant programmes by March 2016;
- all grant funding should in future support investment in community outcomes, to be determined by relevant council policy and strategy and in coproduction with service users and communities;
- grant programmes should aim to provide sustainability of investment for three years or more; and
- for organisations with a city-wide reach and influence, strategic partnership arrangements and five-year funding should be made available.

3.4 To date, most of these changes have been implemented, with all but three of the previous grant programmes being revised. The remaining grant programmes are currently the subject of policy/service reviews in culture, advice and mental health services. New investment will follow the setting of outcomes and priorities in these service areas.

3.5 Greater transparency in the new grant programmes has been achieved by advertising on the [Compact websites](#) with notification circulated through key third sector networks and assessment criteria contained within the documentation. Improvements in consistency of practice and governance are required in this area and will be reviewed in due course by CPS.

Legislative requirements

3.6 Public sector contracts are subject to a range of legislative and procedural requirements to ensure transparency, equality of treatment and fairness.

3.7 New Procurement Directives have been recently implemented by the Public Contracts (Scotland) Regulations 2015 and bring clarity to the application of the procurement rules to community service contracts. As of April 2016, contracts over the value of €0.75m (approximately £0.58m) will require to be openly advertised assuming a procedure which does not discriminate against potential providers from out-with Edinburgh or the UK. These rules will be incorporated in

the Council's revised Contract Standing Orders, the details of which will be contained in a report to Council in June 2016,

- 3.8 The two types of investment (grants and contracts) currently have two discrete council governance arrangements; (i) outcomes to be delivered by grant programmes commissioned and approved by executive committees, and (ii) outcomes to be provided via contracting arrangements commissioned by executive committee but approved by this committee. For both types of funding value for money, transparency, fairness and the delivery of outcomes for service users remain key.
- 3.9 When it is not clear whether the outcome of the coproduction process will result in a grant or a contract, then to ensure compliance with contract rules and also as a matter of good practice, the opportunity for providers to coproduce the result should be openly advertised at the outset, prior to the investment approach or route to market being finalised.

Mainstreaming coproduction

- 3.10 In considering the [Cooperative Capital Framework Progress Report](#) in December 2014, the Council agreed to "mainstream coproduction of Council policy and strategy in the design, delivery and review of services". The Council also required in December 2015 that all reports to council and executive committees should evidence coproduction approaches to substantiate proposals to elected members.
- 3.11 Coproduction is increasingly being applied in order to identify outcomes (and related outputs) for services; [coproduction guidance](#) is available to officers on the Orb. Consideration should be given as to which is the most advantageous route to investment in community services at the outset when identifying needs, at service design stage, and again at delivery stage. To assist with this, supplementary guidance on investing in community outcomes is being developed. This guidance will be explained in more detail in the June 2016 report on coproduction and procurement.

Issues arising in coproduction of community outcomes and investment

- 3.12 In line with paragraphs 3.10 and 3.11 above, service outcomes and related grant and contract programmes (as part of the design and delivery phase) are being coproduced with service user, provider and wider community interest inputs.
- 3.13 Following the coproduction and approval processes for some grants and contracts, a number of issues have been highlighted by deputations to the relevant executive committees and to service areas (see Appendix 2). Main issues highlighted have been:
- 3.13.1 perception of fairness and transparency of process;
 - 3.13.2 further training required for staff, service users and providers when they are involved in coproduction; and
 - 3.13.3 the social added value of community organisations be taken into account when devising investment programmes.

- 3.14 These matters will be further explored as progress is made on coproduction and also within the report to committee in June 2016 on coproduction and procurement. Committee is asked to note that detailed exploration of some of these matters will be carried out by an Education, Children and Families Member/Officer Working Group involving third party representation and CPS.
- 3.15 While coproduction can generate clear outcomes and related criteria, the potential for change is inherent within the process. In approving investment, elected members may be required to take challenging decisions potentially affecting provision at ward, locality and city levels which may markedly differ from previous provision. This area has been highlighted for further examination in the June 2016 report.

Changes in management arrangements and other matters

- 3.16 Reflecting paragraph 2.8 above, the following will occur:
- 3.16.1 as of 1 April 2016, the lead function for overseeing grant management arrangements will transfer from the Strategy and Insight Division to CPS to sit alongside contract procurement . Aligning the procurement of grants and contracts for the provision of community outcomes and related services will allow for enhanced co-ordination of best practice, improved planning and avoiding duplication of effort across directorates. A key aspect of this central function will be to; (i) ensure that anticipated savings are realised and (ii) provide balanced advice to executive committees on the most advantageous investment for service users, (iii) ensure robust performance from those receiving investment and (iv) engage with service users and directorate commissioning teams to design and deliver community outcomes.
- 3.16.2 strategic third sector policy, cooperative working, and mainstreaming coproduction (as per item 3.10-3.11 above) will remain within the Strategy and Insight Division, for example; (i) assisting third sector input into the city's community planning fabric, (ii) supporting the Compact Partnership Board's objectives, (iii) improving reach and application of coproduction in the formation of council and city partners' policy, strategy and practice, and (iv) empowering communities through strengthened community participation in public services design and potentially ownership.
- 3.17 Any further savings that are required to be realised within the current Budget Framework (beyond the 10% quantum) will be agreed on an individual grant or contract programme basis through the CPS Commercial Excellence pipeline process. Any savings realised will ultimately contribute to the transformation programme target in this regard.
- 3.18 Commensurate with the action identified in paragraph 3.16 above (and relating to the summary of issues in appendix 2) the following should occur:
- 3.18.1 the Committee is asked to reinforce the requirements of the Communities and Neighbourhoods Committee, i.e. that all grant and

contract funds help advance city, council, locality and neighbourhood outcomes;

- 3.18.2 service users should be at the heart of the service design process, alongside community representation and current and potential suppliers on the basis of representing their service users and sector wide interests;
- 3.18.3 all potential providers (not just those currently receiving investment) should be given the opportunity to provide input into coproducing outcomes and related service design;
- 3.18.4 from the outset of the coproduction process, those involved should focus upon setting outcomes, without presumption in favour of either grant or contract to deliver the service;
- 3.18.5 a checkpoint group should be established to evaluate the impact of grant programme changes in order to assist continuous improvement, assess the impact on the third sector and to identify improvements;
- 3.18.6 that the Council's Procurement Strategy and Procurement Handbook, be refreshed to take account of the changes above and that this include reference to the Compact's draft guidance on investing in community outcomes and related investment model;
- 3.18.7 in order to respect the public sector equalities and rights duties, an ERiA is undertaken from the outset of the coproduction process and fully included alongside recommendations for investment to executive committees; and
- 3.18.8 while in future CPS will have lead responsibility for conducting grant award programmes*, executive committees will retain their responsibility for commissioning and approving grant programmes. Finance and Resources Committee will continue to approve contract awards. Improved communications through respective committee business bulletins should increase knowledge of overall investment in third parties.

*Note: this is with the exception of support for the Health and Social Care Integrated Joint Board (IJB) as third party investment will be managed by a discrete strategy and commissioning unit.

Measures of success

- 4.1 Programmes funded under grant and contract programmes delivered within the timescales required by the responsible committee with performance and impacts reports provided to meet committee requirements.
- 4.2 Submission of annual performance information by grant recipients over £10,000.
- 4.3 The grant allocations maximise the use of public funding to achieve Council outcomes.

- 4.4 Executive Committees and the Finance and Resources Committee exchange investment programme decisions through inclusions in respective business bulletins as required.

Financial impact

- 5.1 Significant progress has been made in achieving reductions to payments to third parties for the provision of community services as set out in Appendix 1. The reduction required totalled £7.8m and taking account of savings already delivered in 2015/16, proposed total savings to this broad value have been identified within the Council Budget Framework 2016/20. Delivery will be monitored as part of the transition of combined grant and contract oversight to the Commercial and Procurement Service.

Risk, policy, compliance and governance impact

- 6.1 Reduction in service delivery (due to the 10% savings on payments to third parties) will be mitigated by exploring with organisations exactly what can be provided for the grant/contract allocated and working with them to ensure delivery.

Equalities impact

- 7.1 While proposals contained within this report do not require a full Equalities and Rights Impact Assessment, there is a requirement to undertake an ERiA from the out-set of new procurement (grant and contract) programmes and this to be included in proposals for grant and/or contract awards in order to mitigate against any impacts upon communities with protected characteristics.
- 7.2 Proposals will also help deliver Equality Act 2010 public sector equality duties to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations.
- 7.3 The commitment that new procurement programmes be undertaken on a coproduction basis will support and strengthen engagement and capacity building work with equality groups and communities, including groups involved in tackling poverty and inequality and promoting and protecting human rights.

Sustainability impact

- 8.1 Proposals in the report enable the Council to contribute to the delivery of Sustainable Edinburgh 2020 objectives, in particular flourishing communities, social and economic wellbeing and an efficient and effectively managed city. Proposals also complement the Council sustainable procurement policy of January 2013.

Consultation and engagement

- 9.1 Briefings on the intentions to transfer lead oversight of grant programmes to the CPS have been considered within the payments to third parties coproduction steering group and been welcomed.

- 9.2 The report proposes that discussions continue in regards to council arrangements on payments to third parties, in particular the proposals as outlined within this report to consider improvements in coproduction and development of new programmes of investment.
- 9.3 The report includes an early summary of coproduction discussions and lessons learned.

Background reading / external references

- [Implications for Coproduction and Procurement](#) – report to the Finance and Resources Committee of 14 December 2015
- [EADP Adult Community Treatment Contract](#) – report to the Finance and Resources Committee of 14 December 2015
- [EADP Adult Community Treatment Contract](#) – report to the Finance and Resources Committee of 26 November 2015
- [Cooperative Capital Framework Progress Report](#) - report to the City of Edinburgh Council, 10 December 2015
- [Revenue and Capital Budget Framework 2016/20](#) – Finance and resources Committee of 24 September 2015
- [Council Grants to Third Parties 2013-14 Final Report](#), City of Edinburgh Council, 13 March 2014
- [Review of Council Grants to Third Parties](#) – report to the Communities and Neighbourhoods Committee of 11 February 2014
- [Edinburgh Third Sector Interface](#)

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Links

Coalition pledges	<p>P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors</p> <p>P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city</p> <p>P36 – Develop improved partnership working across the Capital and with the voluntary sector to build on the “Total Craigroyston” model</p>
Council outcomes	<p>CO7 - Edinburgh draws new investment in development and regeneration</p> <p>CO8 - Edinburgh’s economy creates and sustains job opportunities</p> <p>CO10 - Improved health and reduced inequalities</p> <p>CO14 - Communities have the capacity to help support people</p> <p>CO23 - Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community</p> <p>CO26 – The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.</p>
Single Outcome Agreement	<p>SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all</p> <p>SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health</p> <p>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh's communities are safer and have improved physical and social fabric</p>
Appendices	<p>1 – Council Transformation Programme: Savings in Payments to Third Parties 2015-18</p> <p>2 - Issues arising in new payments to third parties (grant and contract) programmes</p>

Appendix 1 - Council Transformation Programme: Savings in Payments to Third Parties 2015-20

<u>Option Number</u>	<u>Area</u>	<u>Division</u>	Savings 2015/16 £m	Savings 2016/17 £m	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m	Total Savings £m
	Approved 2015/16		2.245	0.000	0.000	0.000	0.000	2.245
<u>CF/EFF1</u>	Advocacy Services review	Children's Services		0.047	0.000	0.000	0.000	0.047
<u>CSE/EFF5</u>	Festival City Theatres Trust	City Strategy and Economy		0.100	0.000	0.000	0.000	0.100
<u>CF/EFF11</u>	Communities and Families Third Party Payments	Communities and Families		0.209	0.119	0.000	0.000	0.328
<u>CF/EFF12</u>	Sport Third Party Payments	Communities and Families		0.334	0.407	0.000	0.000	0.741
<u>CF/EFF13</u>	Communities and Families - reduce third party payments for Community Learning and Development (CLD) services	Schools & Lifelong Learning		0.250	0.000	0.000	0.000	0.250
<u>HSC/EFF6</u>	Health and Social Care Third Party Payments	Health & Social Care		0.582	0.000	0.000	0.000	0.582
<u>HSC/EFF7</u>	Consolidate care and support/care at home pricing levels	Health & Social Care		0.900	0.000	0.000	0.000	0.900

<u>HSC/EFF8</u>	Reduce spending on block-contracted services by 10%	Health & Social Care		0.720	0.000	0.000	0.000	0.720
<u>PLA/EFF7</u>	Reduce commissioned services - Housing Support (sheltered housing/temporary accommodation)	Housing and Regeneration		0.500	0.000	0.000	0.000	0.500
<u>CSE/EFF2</u>	Culture Third Party Payments	City Strategy and Economy		0.155	0.155	0.155	0.052	0.517
<u>CSE/EFF4</u>	Economy Third Party Payments	City Strategy and Economy		0.154	0.154	0.000	0.000	0.308
<u>CSE/EFF6</u>	Review funding arrangements for Winter Festivals	Culture		0.100	0.400	0.000	0.000	0.500
	Incremental savings		2.245	4.051	1.235	0.155	0.052	
	Cumulative savings		2.245	6.296	7.531	7.686	7.738	

Appendix 2 – Issues arising in new grant and contract programmes

The following summarises the coproduction approaches to a range of investments in community services as well as a number of lessons learned. This information has been compiled in discussion with staff, third sector provider leaders, feedback from key community-interest networks, Inspiring Scotland and analysis of deputation material to the relevant executive committee.

These matters will inform the pending report to committee in June 2016 on coproduction and procurement in particular the early lessons provided and recommendations to improve practice as described below.

1 Health and Social Care Grants and Contracts Process

1.1 Services for Older People

1.1.1 Three-year grant funding was approved for services to older people (mainly day services). The co-production approach in the development of these services included the intensive involvement of service users, carers, commissioners and providers in the design and development of the Commissioning Plan for Social Care Day Services for Older People 2012-2017.

1.1.2 Further coproduction work, supported by Edinburgh Voluntary Organisations Council (EVOC), service users, carers and Council staff led to the recommendation for non-registered day services to be supported by grant funding (more intense registered day services would be contracted). The process also developed a new service specification.

1.2 Services for Mental Health & Wellbeing

1.2.1 Wide ranging consultation with providers, service users and carers has taken place to date and further collaboration is planned to shape future contracted and grant-funded services. The report to Finance and Resources Committee on 26 November 2015 provides further information.

1.3 Services for People With Disabilities

1.3.1 Coproduction work took place involving the three providers of advice and brokerage services.

1.4 Services for Support to Carers

1.4.1 There was extensive consultation and engagement with carers and providers in the development of the Edinburgh's Joint Carers' Strategy and the Joint Strategic Plan for Carer Support (approved by Corporate Policy and Strategy Committee on 13 May 2014). This led to the successful award of contracts following a tender exercise. To

complement these services, grant recipients were involved in a further coproduction exercise to shape the grant programme which led to the recommendations made.

1.5 Services to Older People from BME Community

- 1.5.1 A consultation, the results of which were reported to Health, Social Care and Housing Committee on 17 June 2014, was followed by further coproduction work, chaired by EVOC with four providers to consider the shape and direction of future services. This coproduction work considered that a grant programme would best assist the outcomes.

2 Communities and Families Payments to Third Parties

- 2.1 An Elected Members Working Group was set up with representation from each political group to take forward the development of the future grant programme and make grant awards in Children and Families. It met seven times in total from 2 October 2014 to 9 June 2015 to take forward the development of the future grant programme. The need for coproduction and the involvement of EVOC was recognised by the Group.

- 2.1.1 Coproduction events (11 December 2014 and 23 February 2015) were held with voluntary organisations. 80 organisations attended the first; 40 attended the second. Additionally, an on-line survey was carried out, which closed on 17 April 2015 (the findings from which were appended to the May 2015 committee report). These activities focused on what works well, what needs to change and what organisations would like to see in the future. Taking account of this feedback it was agreed that some of the suggestions around publicising timelines, criteria, definitions, encouraging partnership applications and offering feedback to unsuccessful applicants would be taken forward in the development of the new approach.

3 Homelessness Prevention Contracts Process

- 3.1 The pilot for Advice and Support services was coproduced (in 2013/14) with a wide range of stakeholders, and is considered a success in achieving agreement to:

- move away from the purchase of hours of support to payment by person and outcome;
- have services that are more focused on homeless prevention and work on a shorter term basis;
- form consortia to more effectively and efficiently manage provision of advice and support.

- 3.1.1 Through this process, stakeholders were consulted with and views taken on board. Significant examples of this include:

- the agreement to establish the pilot with three neighbourhoods rather than the six originally proposed;
- a revision to the recording of the achievement of life skills in response to and collaboration with support staff in the contracted services.

3.1.2 The Review of the Pilot has upheld the broad principles of outcome focused, neighbourhood orientated, time-limited services and the need for longer term low level support. The intention is to again undertake this collaborative approach with stakeholders in the coming months, including service users, to further coproduce specifications, building on the experience of the pilot, Council transformation plans and a fresh look for the future procurement of services. This will include consideration of issues such as the balance of outcomes, integration of housing support and advice, payment by outcomes etc. Interest from stakeholders is being gathered following the publication of a Prior Information Notice (PIN).

4 Advice Services Grant Processes

4.1 The coproduction process for advice services has been delayed in order for an advice strategy to be developed that will give advice providers, and those with an interest in advice provision such as funders and strategic planners, a framework within which to plan and develop services. The coproduction process was commenced by bringing interested parties together, through this the need for a strategic framework was identified and there was consensus in regard delaying the process in order to firstly deliver a framework. This is an indication of the success of coproduction; even though it has been delayed it has seen interested parties identify common ground and enabled them to develop a shared vision.

4.2 There has been recognition that income maximisation and debt advice are intrinsically linked to other areas of service delivery, and moves are currently underway to bring these activities together in a broader commissioning framework, possibly to include housing advice.

5 Lessons Learned

5.1 While it is too early in the grants programme to assess the success and outcomes of new grant/contract arrangements, a number of early benefits and lessons learned can be identified in terms of the coproduction, management and transparency of the processes.

5.2 Feedback from Council staff, the Chair of the Compact Partnership and Edinburgh Voluntary Organisations Council (EVOC), and on behalf of its members and independent assessor, noted that:-

- the move to a three year grants programme and the introduction of a small grants programme is welcomed in terms of stability and support to smaller community-based organizations;
- effective coproduction is extremely beneficial in terms of outcomes but to be effective requires considerable time and investment which need to be resourced;
- coproduction in the current financial context of reducing budgets can lead to reluctance in some instances to engage. Forums to coproduce alternative innovative approaches to service provision are also required. Coproduction can work best when there is new funding available;

- demonstrable transparency throughout the life-time of the coproduction, investment and appointment of providers process leads to improved trust and better more productive relationships;
- there is a need for improved consistency across investment (grant and contract) programmes;
- there is a need to be very clear with all stakeholders at the start of the process that when the commissioning stage ends and the tendering or grant application starts that different rules to ensure fairness, transparency and equality of treatment apply and must be adhered to;
- involvement of EVOC/other infrastructural organisation can assist the smooth running of a number of coproduction processes;
- a number of lessons were learned from the recent Edinburgh Alcohol and Drugs coproduction contract (these will be more fully detailed in the June report) for example; (i) the need to manage the expectations of stakeholders from the outset and (ii) what is legally permissible in terms of contract rules;
- Fewer assessors be involved in future assessments with more time available for assessment, reflection, intelligent oversight and checking by an expert panel (ensuring avoidance of conflict of interest);
- scoring of applications be checked and recorded in a spreadsheet to highlight variances and enhance the consensus discussion - similar to the moderation process for contracts;
- CEC consider providing application process clinics, in particular for those organisations which are not used to formal application processes, to improve application quality;
- the assessment process should provide greater insight for the assessor on the financial background and forecast spend for the applicants/tendering organisations to allow for a more rounded assessment;
- that differentiation be considered between new and tried and tested projects during the assessment and scoring process; and
- elected member input should be clarified in particular how this relates to the product of the coproduction process.

6 Recommendations for the Future

6.1 It is key that:

- the perception of fairness and the transparency of the process and setting of criteria fosters effective coproduction and trust;
- all potential providers not just existing providers should be given the opportunity to co-produce the process and/or service design;
- further training and guidance for staff on undertaking coproduction exercises is required to ensure consistency – this is also the case for service users and

providers alike that become involved in such exercises as this helps manage expectations;

- co-production needs to be adequately resourced both internally and externally including budget for booking rooms, refreshments, facilitators, publicity etc.;
- respect for the work and commitment of officers and their need to maintain impartiality is crucial;
- the establishment of a checkpoint group to evaluate the impact of a future grants programme would greatly assist continuous improvement, the impact on the third sector and identify improvements;
- consideration should be given to grant and contract processes to take suitably into account the added value community organisations may bring in addition to core services; and
- the impacts of elected members' views of the product of coproduction are further examined.