Grants Committee

Commissioning Monitoring Arrangements Framework - Review

Item   15

| **Report by:** | Simon Courage | **Job title:** | Head of Grants and Community Services |
| | Katy Makepeace-Gray | | Principal Programme Manager |

Date:	13 July 2016		
Contact Officer:	Simon Courage		
Telephone:	020 7934 9901	**Email:**	simon.courage@londoncouncils.gov.uk

Summary

The Grants Committee agreed a framework for the management of the Programme – the Commissioning Monitoring Arrangements (CMA)- in February 2013. This report provides and an initial review of the CMA.

The report focuses on how well the CMA has addressed the particular issues it was drawn up to address. The report then plays particular regard to issues raised through the Grants Review and suggests ways in which these could be strengthened following the input of boroughs and other stakeholders.

1   non-duplication and best fit with existing services at a borough (or regional) level
2   robust outcomes
3   clear communications, referrals and reporting plan with boroughs
4   ensuring value for money

Recommendations

Members are asked to,

1.   Note the implementation of the Commissioning Monitoring Arrangements framework (CMA) to date
2.   Note the progress of the CMA (and alterations) in successfully addressing the issues which led to its creation.
3.   Note the issues raised in the Grants Review 2015-16 and the follow up work officers have taken to scope the range of ways to address these issues with borough officers and other stakeholders including the GLA and The Cabinet Office's Grants Efficiency Programme

(GEP) .

4. Discuss the actions in Section Nine and example of future borough dashboard reporting in **<u>Appendix One</u>** as potential ways to strengthen the framework, addressing the issues raised in the Grants Review. Agree for officers to bring a further report to the November meeting of the Grants Committee.

1 Background

1.1 The Grants Committee agreed a framework for the management of the Programme – the Commissioning Monitoring Arrangements (CMA)- in February 2013. These arrangements are used to provide the Committee with assurance on

- Regularity – assurance the money is being spent only on what the Committee intended
- Propriety – assurance that the programme is being managed in accordance with the standards required in public life and that there is no fraud or abuse
- Value for money – assurance that the management of the programme provides the best combination of efficiency, economy and effectiveness.

1.2 Specifically, the monitoring framework was designed to assure the Committee that London Councils has in place systems of oversight, control and reporting to ensure that funded organisations deliver the required outcomes in a manner that provides value for money for the taxpayer. These improvements were introduced following concerns raised by the Grants Committee in the light of an internal audit review of grants management and the Daniel Review in 2012.[1]

2. Stages There are four stages in the framework – see Figure One.

Figure One: Monitoring and Evaluation Cycle

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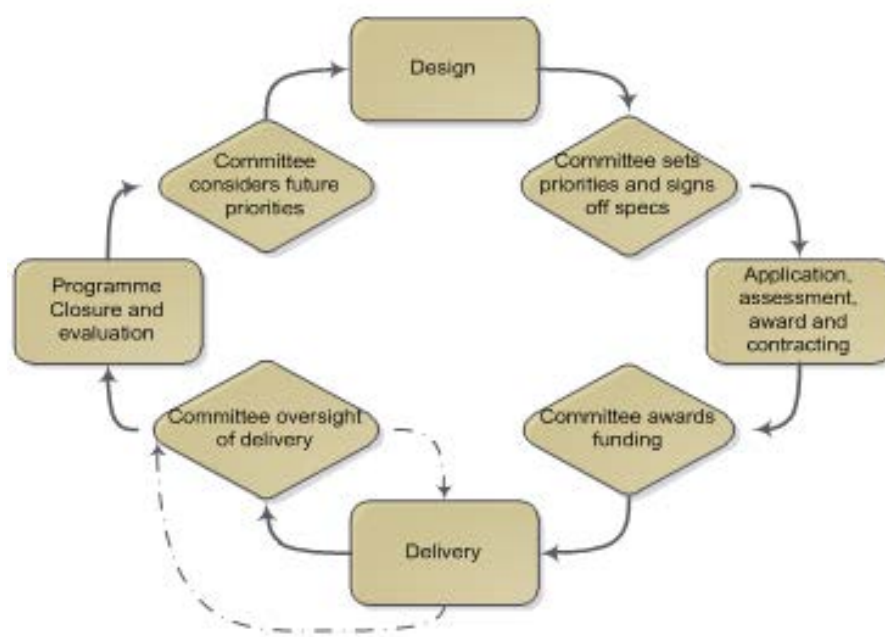
[1] London Councils Chief Executive commissioned Gareth Daniel to undertake a review into grants management procedures.

An important element throughout this cycle is the triangulation of evidence from Committee members, borough officers, London Councils officers and providers.

Stage 1: Design

Section 48 of The Local Government Act 1985 includes a requirement to review need in London in relation to the Grants Programme.

2013-17

The current 2013-17 programme is in its fourth year and the priorities and principles underpinning it were agreed by Leaders' Committee in June 2012.

2017-2

The new 2017-21 programme is in the design stage with priorities having been agreed on 22 March 2016 and specifications being reviewed by Grants Committee in item 14 of this meeting.

Stage 2: Application, Assessment, Awards and Grant Agreements

2013-17

A bidding round was undertaken in autumn 2012. Borough input was secured through borough officers being involved in assessing bids and moderation panel before the bids were considered by the Grants Committee. Providers entered into grant agreements with robust outcome targets.

2017-21 A bidding round will be undertaken following the agreement of specifications. Bids will be assessed against a standard criteria which will be made available during the bidding process. The standard criteria will measure bids against ability to delivery outcomes, value for money, ability to complement local delivery, accessibility of the service, and criteria relating to the quality of the work and experience and sustainability of the organisation, amongst others. Officers will again ensure that relevant borough officers can input into this process to ensure non-duplication and best fit with local services. Officers are also hopeful for GLA involvement at this stage to ensure best fit with other regional activities.

Stage 3 Delivery

2013-17

The programme is currently in the fourth year of delivery of the target outcomes. Commissions provide quarterly reports to London Councils on, delivery of outcomes, borough spread (of both users and outcomes), new user figures, equalities statistics and budget, through a reporting database, accompanying narrative and case study. In addition, projects submit annual returns on the same basis as is provided quarterly as well as audited accounts, including Section 37 statement outlining expenditure, AGM minutes, annual

current and next year's budgets, copies of insurance, work plan and evidence relating to due diligence checks.

London Councils officers provide the RAG rating for each project each quarter. The RAG rating is made up of: 1) delivery of target outcomes 2) self-assessment (which is moderated by officers), 3) beneficiary feedback and 4) and compliance with other conditions of grant. These are weighted differently. The greatest weight is given to delivery of target outcomes. There is a facility to fast track projects to red or amber if issues arise.

Payments to projects are made after receipt of satisfactory information. London Councils officers carry out visits to projects, providing officers with the opportunity to see delivery in action as well as inspect documentation relating to the project. The Chair of the Grants Committee and other members visit projects to see them first hand and feed into the performance management.

Further risk management is undertaken through due diligence checks, largely based on financial viability, undertaken at the award stage and reviewed during the life of the grant. London Councils Head of Grants and Community Services presents reports quarterly to the Grants Committee on the performance of the Grants Programme. Audits are undertaken internally by City of London and externally by PWC.

Throughout the delivery stage London Councils officers attend various borough officer networks. Surveys of borough officers' satisfaction with the projects have been undertaken and reported to Grants Committee. Borough officers have raised issues which officers have followed through. The Grants Committee undertakes thematic reviews in which a project manager and beneficiary, grants officer, lead borough officer, Committee member, present at the meeting.

2017-21
Providers will be expected to continue to submit the above information. A strengthened role in borough liaison and reporting is outlined below.

Stage 4 Evaluation and Consideration of Options
The purpose of this stage, which overlaps with Delivery, is to allow the Committee to consider the future of the Programme, drawing on the learning from its current cycle. Following the Grants Review July 2015-March 2016 Leaders' Committee have agreed for there to be a programme from 2017-21. The activities involved in implementing this decision and leading up to a bidding round are covered in item 14 of this meeting.

3. Continuing review and adaptation to the monitoring framework

3.1 The CMA framework set out above has been implemented successfully. It has addressed the issues that led to its creation. It has, in particular, driven up the performance of red and amber rated projects in the initial quarters of the cycle and the majority of projects are now consistently green. Under an innovation introduced by the Committee, all RAG ratings now include a direction of travel to provide for more detailed reporting on performance and risk.

3.2 The tools are sophisticated and allow for the capture of over 150 pieces of data quarterly as well as complex qualitative analysis and case study information. The caseload of projects includes a large number of partnerships, some of which have a large number of partners and the monitoring tools capture information on this. Boroughs, the GLA and London Funders have asked London Councils for advice on performance management based on experience of use of this framework.

3.3 Following the Daniel Review, presented to Grants Committee in February 2013, the internal audit team at the City of London Corporation undertook an audit of the grants programme in January and February 2014. The audit reviewed the management controls which ensure that grants were issued in accordance with established priorities and the adequacy of due diligence checks, monitoring procedures and payment processes. The review also measured the extent to which the recommendations of the 2012 grant investigation had been implemented.

3.4 The review established that 'there is a sound control environment with risks to system objectives being reasonably managed'. The review concluded that internal control of grants was robust and a 'substantial' assurance rating was issued. In addition, it has been verified that all recommendations raised following the grant investigation in October 2012 have been fully implemented.

3.5 In November 2015 Grants Committee agreed a slight change of emphasis to ensure the best use of grants administration resources. To ensure the best use of resources, members agreed that performance management should focus on more heavily on the projects with the lowest RAG ratings – and less heavily on this with the highest RAG ratings. All projects have continued to be monitored but with a graded approach to ensure the best use of resources.

4. Issues raised during the Grants Review

During the Grants Review a number of issues were raised regarding areas of the commissioning performance management framework that respondents wanted a greater focus on, in particular

1. non-duplication and best fit with existing services at a borough (or regional) level
2. robust outcomes
3. clear communications, referrals and reporting plan with boroughs
4. ensuring value for money

The first two issues relate to the design phases of the framework and are addressed in item 14 of this agenda through the co-production of specifications with borough officers and other relevant stakeholders. They will continue to be addressed through the involvement of borough officers in the application and award stages.

5. Value for Money

5.1 As part of the specification development process outlined in the body of the report, officers have sought the views of relevant borough officers, VCS, funders and other stakeholders with regard to measuring value for money. Officers have also approached the Cabinet Office's Centre for Grants Excellence, for information on best practice in this area.

5.2 Officers sought information on what is widely used so that this could be used as a benchmark for what could be included or enhanced in the performance management framework. There were many different interpretations expressed as to what is meant by value for money. The following focuses on those that describe 'the optimal use of resources to achieve the intended outcomes'. There was also a wide range of methods used to measure and ensure value for money. Reponses can be grouped under the following headings

- **Economy**: minimising the cost of resources used or required (inputs);
- **Efficiency**: the relationship between the output from goods or services and the resources to produce them; and
- **Effectiveness**: the relationship between the intended and actual results of public spending (outcomes)[2]

5.4 Table one provides a number of examples provided by London boroughs, VCS and other funders. These are arranged using the categories above of economy, efficiency and effectiveness and are listed against the stages of the framework (design, award etc). The

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[2] National Audit Office

table does not cover all the examples provided, but covers the key ones and illustrates the fact that there are a large number of different measures used. In terms of frequency of responses, robust outcomes were mentioned the most frequently, as well as intelligence-led commissioning. Payment by results was described by two boroughs but was generally was not used. It was felt that this was not suitable given the highly vulnerable nature of service users that are affected by multiple issues and the desire for commissions not to 'cherry pick' those that are most likely to hit an outcomes target, as well as the fact that (for the sexual and domestic violence sector) service providers are not of a size and capacity that could withstand the financial insecurity of payment by results. Table two includes the measures currently used by London Councils and (in bold) additional areas to be strengthened.

Table one – examples of value for money measures provided by boroughs and other stakeholders

	Economic – (minimising cost)	Efficient – (resources against output)	Effective – (quality)
Stage 1: Design		Avoiding duplication of statutory and local voluntary services.	Services designed to integrate or work jointly with other local and regional organisations to ensure improved outcomes Clear targets groups set. Evidence based commissioning. Aligning contract length with targets.
Stage 2: Application, Award	Costs questioned at meetings at the application/ award stage.	Robust tendering process, measures efficiency of applications. Unit costs assessed (balanced with the fact that some service users with complex needs require more resources to support)	Competitive tendering to ensure the best application is chosen that can best deliver the outcomes. Lowest cost is not necessarily the best value for money. Relationship setting/ maintaining – being clear that providers are delivering commissioned services against specified targets. Social impact and added value assessed Ensuring that services are embedded / aligned with other relevant services, in terms of access, referral routes, casework and marketing or publicity
Stage 3: Delivery and monitoring	Minimising costs of delivery (using VCS venues etc.) Proportionate/capped overhead costs Contract value reduced year on year.	Having a unit cost. Attracting in additional funding. Monitoring/evaluating requirements that are proportionate to the delivery of agreed outcomes to maximise outcomes delivery.	Monitoring of commissions against SMART outcomes targets and agreed levels of delivery, including KPI dashboards De-commissioning/ withholding payment from commissions that are not successfully delivering the agreed outcomes. Payment by results. Effective monitoring and measuring of impact. Benchmarking against similar organisations.

			Ensuring consistent and quality of service provision.
			Service user involvement in the continuous review and adaptation of service.
			Effective targeting of services and effective signposting where services are not relevant.
			Customer/ service user feedback in monitoring returns.
			Social Impact Bond (SIB) - social investors taking the risk associated with uncertainty around expected outcomes achievement.
			Measurement of Social Impact Value
			Beneficiary satisfaction surveys.
Stage 4: Evaluation and review			Independent evaluation

Table Two – London Councils Commissioning Framework measures (areas to be strengthened/ introduced in bold)

	Economic – (minimising cost)	Efficient – (resources against output)	Effective – (quality)
Stage 1: Design		Co-production of specifications with boroughs and other stakeholders to avoiding duplication of existing local/ regional services.	Co-production of specifications with boroughs and other stakeholders to - Design services that fit well with local provision to ensure improved outcomes - Clear robust outcomes. Specifications cover needs assessment, indicative borough service levels and equalities sections to ensure services are targeted to where there is need.
Stage 2: Application, Award	Budgets assessed as part of the application process. Budgets reviewed and amended as part of the Grants Agreement Process. Projects funded over a number of partnerships asked to review costs to check for any shared cost savings. Partnerships encouraged to reduce costs in shared resources.	Robust tendering process, measures efficiency of applications. **Enhanced checks on Value for Money in application stage.** Due Diligence checks carried out to measure the risk of funding each organisation (such as grant v turnover ratio) and measures introduced for any that do not fully meet the criteria. **Enhanced Due Diligence checks, reviewing more than one set of accounts.** Unit costs reviewed (balanced with the fact that some service users with complex needs require more resources to support)	Competitive tendering to ensure the best application is chosen that can best deliver the outcomes. Lowest cost is not necessarily the best value for money. Grant agreement process, including meetings to ensure expectations are clear. **Grant agreement process - Ensuring that services are embedded / aligned with other relevant services, in terms of access, referral routes, casework and marketing or publicity** Encouragement of partnerships to ensure best outcomes for service users, utilising a range of specialist support.
Stage 3: Delivery	Review of budgets	**Asking on an annual basis what other funding has been levered in as**	Monitoring of commissions against SMART outcomes targets and agreed levels of delivery

and monitoring	Capped overhead costs	a result of London Councils funding.	Reducing payment from commissions where there has been significant non-delivery of agreed outcomes.
	Review of Section 37 Statement in accounts and reclaiming of any unspent grant.	Monitoring/evaluating requirements that are proportionate to the delivery of agreed outcomes to maximise outcomes delivery.	RAG scores including delivery against target and service users satisfaction surveys.
			Monitoring visits undertaken to review information and view delivery (including speaking to service users).
			Requiring organisations to show how service users have been involved in the continuous review and adaptation of service.
			Increased reporting and involvement of relevant borough officer networks and regional stakeholders to ensure delivery continues to complement local and regional provision.
			Sampling methodology – which is agreed with boroughs and with input from GLA.
Stage 4: Evaluation and review			All boroughs and other stakeholders encouraged to respond to consultations on the review of the programme.
			Some commissions have included social impact in the review of their commissions.

6. The Cabinet Office's Grants Efficiency Programme (GEP)

6.1 Officers have sought the advice of the Cabinet Office's Grants Efficiency Programme (GEP) on their tools for measuring value for money. There are a number of toolkits which they have kindly shared. Some key points include,

- Ensuring any value for money indicators are included at the grant inception to ensure accurate and consistent monitoring of these.
- Tools for evaluation
- The importance of measuring economy, efficiency and effectiveness

7. Reporting and liaison with boroughs

7.1 Another area of the performance management framework that officers have been asked to strengthen is the relationship with boroughs, both in terms of providers working with boroughs and reporting back to boroughs on the progress of the projects. Feedback from relevant borough officers was mixed, with some boroughs stating that funded services had integrated well with their services, and other boroughs which were less aware of the funded organisations. In addition some boroughs felt that reporting on progress had improved and was satisfactory, where as others felt that this was an area that could be improved.

7.2 Officers sought the views of boroughs officers and other stakeholders on both of these issues as part of the specification development work. In terms of reporting of progress by London Councils it was felt that at times there was too much data provided and thought should be given to matching the information provided to the audience. There was also a view expressed that it was unclear who to report concerns to at London Councils. Contact details (both within providers and boroughs) change regularly and it was felt that it was difficult to maintain relationships and that keeping contact information up to date used a lot of resources.

7.3 Housing officers asked for regular reports to be submitted to Housing Directors. These have been provided most quarters (generally to the Housing Needs and Homelessness Network), and are circulated with the papers to these meetings. However, it could be the case that there needs to be attendance at these meetings on occasions to present on the papers.

7.4 Some boroughs also requested the quarterly returns of commissions be sent to the relevant boroughs officers and one borough suggested that these should be signed off by the borough officers. Sexual and domestic violence officers suggested the importance of a

360 degree approach in which a range of stakeholders were asked to feedback about the effectiveness of a project (such as housing providers, health, police, and borough officers).

7.5 VCS organisations felt that awareness of projects could be promoted more through presentations at Grants Committee and relevant officer networks, more visits in which members and officers were invited and events with relevant borough officers (such as children's services, housing departments etc.).

7.6 Borough officers have been involved in responding to the consultations which contributed to the priority setting process. They have then been involved in the drafting of service specifications through focus groups and email input. Officers will approach borough officers again in the application and award stage. Respondents have suggested that this should be built on with a stronger requirement for providers to work with borough officers in the planning of services, once funding has been awarded, for example through scoping meetings. In terms of housing officers, it was suggested that a useful point of contact should be the sub-regional groups (such as the South East Housing Partnership). It was also suggested that linking into regional structures was important such as the Mayor Rough Sleeping Group. VCS organisations welcomed a strengthened relationship and have suggested ideas such as shadowing and sharing of knowledge about emerging need.

7.7 In reviewing these options, officers are mindful that because the non-grants expenditure is set at a target of 5% of the programme that any future changes to the framework need to match the resources available to administer them. In addition resources spent by voluntary organisations need to be proportionate so that there is not an unreasonable level of resources diverted from the delivery of services. The capacity of relevant borough officers also needs to be kept in mind.

8. Audit

London Councils receives regular audit visits from internal and external auditors. The Corporation of London auditors recently undertook and audit of the Employment and Inclusion team, with a particular focus on the recent closure of Eaves. Officers will provide members with an update on this audit once it is published and will ensure that the recommendations are included in the next report on the CMA.

9. Recommended changes to the commissioning monitoring framework 2017-21

9.1 Officers have reviewed the comments and have attempted to reflect both the differing requests and the need to balance increased levels of liaison with boroughs and monitoring with the need to keep these elements proportionate and without diversion of too much resource away from direct service provision. Officers suggested the following revisions to the commissioning monitoring framework below.

- Additional/ enhanced value for money measures as outlined in table two above (in bold), ensuring any new measures are embedded at the grant inception.
- Improved borough reporting to Grants Committee and relevant officers groups. An example of potential borough dashboard reports is included at **Appendix One**
- More clarity on who to contact at London Councils when raising a query or concern.
- Quarterly reporting to relevant officer groups
- More presentations by projects at Grants Committee, relevant officer groups
- More frequent Chair visits to projects in which members are relevant officers are invited.
- Service areas 1.3 and 2.5 to support the relationship between boroughs and providers, including keeping contacts up to date.
- Build on the increased role of borough officers in the commissioning process. Borough officers have been involved in the specification development stage. This should continue through the bidding process.
- Include a requirement for organisations to work with relevant borough officers to plan services (including sub-regional leads for housing).

Recommendations

Members are asked to,

1. Note the implementation of the Commissioning Monitoring Arrangements framework (CMA) to date

2. Note the progress of the CMA (and alterations) in successfully addressing the issues which led to its creation.

3. Note the issues raised in the Grants Review 2015-16 and the follow up work officers have taken to scope the range of ways to address these issues with borough officers and other stakeholders including the GLA and The Cabinet Office's Grants Efficiency Programme (GEP).

4. Discuss the actions in Section Nine and example of future borough dashboard reporting in **Appendix One** as potential ways to strengthen the framework, addressing the issues raised in the Grants Review. Agree for officers to bring a further report to the November meeting of the Grants Committee.

Appendices

Appendix One   Example future borough reporting

Background Papers

Grants Committee, February 2013, Commissioning Monitoring Arrangements

Grants Committee, March 2016, Grants Programme 2017-21

Legal Implications

There are no specific legal implications with the report.

Equalities Implications

The Grants Programme Commissioning Monitoring Framework outlined in this report covers equalities monitoring. Commissions are required to submit equalities monitoring and an annual review is undertaken to assess the equalities impact at a programme level.

Financial Implications

There are no financial implications within this report.