

Working with the Third Sector – Conwy County Borough Council

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What we looked at and why

- 1 We undertook this assessment as part of the 2020-21 Audit Plan to review Conwy County Borough Council's (the Council) arrangements for working with the third sector in the delivery of services. The work was delayed at the Council's request due to the demands it faced in 2020 and 2021 during the COVID-19 pandemic.
- 2 This assessment is undertaken to help fulfil the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act). It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Well-being of Future Generations (Wales) Act 2015 (the WFG Act).
- 3 The Council's Corporate Plan 2017-2022 has eight long term citizen outcomes supported by a series of actions and measures monitored every six months. Several of the Council's citizen outcomes emphasise the need to work with partners including the third sector. The COVID-19 pandemic has had an immediate and profound effect on the Council's ways of working and the assessment considers the implications of the pandemic for the Council in its work with the third sector and the scale of the anticipated challenge going forward.
- 4 In doing this review, we drew upon the findings from our local government study report [Local Authority Funding of Third Sector Services](#) which examined the effectiveness of local authorities' arrangements for funding third sector services.
- 5 We undertook this assessment during June and July 2021.

The Council does not always work in line with its stated vision for the third sector and does not know if all contracts are delivering value for money; however, the Council has an opportunity to develop its vision for future work with the third sector by building on positive experiences gained during the pandemic

The Council's long-term strategic approach to working with the third sector is set out in the 'Third Sector Charter' but the Council does not always appear to work in line with its aims

- 6 The third sector in the Conwy County Borough area is made up of a variety of 3,202 organisations and services, ranging from large, national, and international charities to informal arrangements between a few volunteers. The third sector in Conwy delivers a range of services within several sectors. Leisure and tourism, health, and social care together with education and training are the most prevalent. Half of the third sector organisations are still operating on a relatively low turnover, but four organisations have a turnover of more than one million pounds. Approximately three quarters of the county's third sector organisations are classed as micro-businesses, employing between zero and nine people, or are entirely using volunteers. These micro-businesses tend to concentrate on delivering small contracts for the Council and other bodies operating within the area.
- 7 The Council in part works with the third sector through its work with Community and Voluntary Support Conwy (CVSC). People we spoke to from the third sector appreciated the work that CVSC undertook to support the third sector, especially in assisting with grant applications. Although CVSC does good work with and for third sector organisations and volunteers it works with, it does not represent a significant element of the third sector in Conwy.
- 8 For many years the Council and the CVSC set out their approach in a partnership agreement. This has been in place for many years. The fifth iteration of the agreement was agreed in June 2021 to cover the period up to 2024. The Conwy partnership agreement is very similar to the agreements that exist between other councils in Wales and their third sector. When the Council approved the new partnership agreement in June 2021 it was retitled as a "Third Sector Charter". There is no significant change from the draft partnership agreement, for example the eight shared principles remain the same. This agreement was subject to limited

consultation in 2020. However, the Council is now planning to revisit the Charter to clarify some issues with its relationships with third sector organisations.

- 9 Work with the third sector appears to be focused on areas where the Council did not want to directly provide the service and where the private sector also had no interest. Some of the people we spoke to believed that this approach was the de facto strategy of the Council although others disagreed and felt the Charter reflected the current vision. The Council has now clarified that they believe that it is not possible to have a single approach towards the whole third sector.
- 10 However, amongst the people we spoke to there are a range of views with some emphasising there is a danger in overestimating the ability and capacity of third sector organisations and the movement itself to meet the expectations that may or may not be laid at their door. The Council needs to come to a clear view on its vision for the future of the third sector and then review and communicate its strategic approach based on that decision.
- 11 The need to refresh the existing Council Corporate Plan in 2022, provides a timely opportunity for the Council to review and set out how it wants to work with the third sector to help deliver its strategic priorities. It would also be a real opportunity for the Council to consider how it can strengthen its application of the sustainable development principle in accordance with the Well-Being of Future Generations (Wales) Act 2015.
- 12 The Council has achieved some notable successes in its recent work with the third sector. For example, community library groups in Cerrigydrudion, Penmaenmawr, Llanfairfechan, Kinmel Bay and Penrhyn Bay, have received significant support to establish themselves and develop their constitutions. This has led not only to the retention of these local community run libraries, but to successful grant applications for building improvements. The Council has also established several community hubs.

The Council does not have a complete picture of the outcomes and impact achieved through its work with third sector organisations and does not always know if the cost represents value for money

- 13 As our national Audit Wales report stressed, to have an effective relationship with the third sector, councils will need to ensure that they have a clear understanding of the totality of what is spent through contracts with the third sector. Councils need evidence to assure themselves that resources are being used efficiently, effectively, and economically to contribute to the delivery of the Council's priorities and improved outcomes. This would include evaluating schemes and considering how the ones working well can be mainstreamed or scaled up. Care needs to be taken to ensure that a disproportionate administrative burden is not placed on small organisations to deliver this.

- 14 Whilst the Council currently spends around £9.2 million on services commissioned from the third sector it has only limited evaluation of the impact this spend has across the county. When the Council agreed the new Charter in 2021 no mechanism was put in place to regularly assess progress in achieving the Charter's aims. Neither did it set actions in a work plan. There is, however, an annual report to the Council's scrutiny committee on overall work with the third sector in the county.
- 15 Section 16 of the Social Services and Well-Being (Wales) Act 2014 places a duty upon councils (with partners) to promote the development of not-for-profit organisations to provide care and support services and preventative services. These models include social enterprises, co-operatives, user led services and the third sector. A report must be published every three years on activities, and how it has contributed to the delivery of duties under Section 16, and Conwy's first report was published in March 2019. The report does attempt to demonstrate how the Council is trying to deliver social value with the third sector and its analysis is understandably focused on outcomes in social services.
- 16 Some individual Council services have a clear understanding of their spend on the third sector and can demonstrate very clearly how resources are being used efficiently, effectively, and economically to contribute to the delivery of the Council's priorities and improved outcomes. For example, social services have service level agreements with the third sector representing a total of £4.5 million annual expenditure. They can demonstrate clear evaluation of what is being achieved for all their contracted agreements. Social services also have a clear strategy for commissioning work with the third sector which includes a clear commitment to coproduction and working together to make sure services get the best outcomes. This involves working with the third sector and other partners around new ways of working, sharing resources and learning, and good practice, to help plan the services that are needed to build resilience.
- 17 But some Council services have a more limited evaluation of the value for money of services provided by the third sector. For example, the Council has a service level agreement with Crest Cooperative, around the collection of bulky waste, textile collection and small waste and electricals. People supported by Crest are from a wide range of backgrounds with the aim being to support people to change their lives by moving closer to sustained employment. Crest works with the hardest to reach people in the community, many of them with issues that exclude them from full social and economic engagement and provides them with training, volunteering and sustainable work opportunities. However, the Council has limited information regarding evaluation of the value for money of services provided by Crest and how service feedback was obtained from people using the service.
- 18 The Council's current evaluative arrangements for the third sector, outside of social services, are largely transactional, they tend to focus on the number of activities carried out, often without much context or reference to quality or outcomes.

The Council's day to day arrangements support its current ways of working but it could offer more stability to third sector providers

- 19 Third sector interviewees that we spoke to who have contracts with the Council are broadly content with the Council's administrative and monitoring arrangements. For example, the process for applying for funding was not seen as onerous, and the Council's monitoring arrangements for third sector funded projects were seen as proportionate. The Council's social services grant process has been subject to internal review over the last few years and streamlined into two main grant streams (children and housing) and the people we spoke to felt this had reduced duplication and increased flexibility for funding services.
- 20 Following concerns expressed, by the third sector, about the short length of many contracts, the Council has committed since 2019 to, where possible, award longer term contracts, of three to five years in length. This aimed at helping provide some stability and sustainability for the third sector providers and reduce significant staffing problems in terms of recruitment and retention. However, the third sector contracts we examined showed that 78% were for one year only with an option to renew. This issue continues to be a concern of the third sector interviewees that we spoke to. In 2020 the Council reviewed its funding to the third sector to identify areas of duplication, but to support a more enhanced relationship, it will need do this more systematically to ensure it has a comprehensive understanding of its third sector.
- 21 By contrast, in the Council's Social Services departments, there are well established contractual arrangements with the third sector that are regularly monitored by the Council and with regular engagement set out in the contracts. Many of these are part of the Supporting People Programme, a Welsh Government funded programme that provides housing-related support services. As such, recipients of the funding are required to meet a range of reporting and service level agreements. Usually the recipients are well-established organisations, such as Housing Associations, with a professional workforce. Many of the Conwy third sector Supporting People Programme projects have been running for over a decade and are likely to continue for the foreseeable future.

The pandemic has seen an increased demand for third sector services; this is an opportunity for the future

- 22 Building on the increased demand for support during the pandemic the Council has an opportunity to consider the role the third sector plays in its forward plans. The Council could maximise the role of the third sector in its preventative work and in the design and delivery of services. In 2020, in Conwy and across the country, we saw an increase in the number of people willing to volunteer to help people in their communities. The Council worked with the third sector and other partners to

respond to the pandemic. The Council should evaluate the impact of this experience with the third sector and any lessons learned. Our 2017 national report set out the advantages of increasing collaboration with third sector organisations. Third sector organisations can be sensitive to local circumstances and able to respond flexibly to the diverse needs of communities.

- 23 The increased demand for some organisations' services has the potential to limit their ability to conduct their normal fundraising activities and may leave limited capacity for the third sector to engage in more strategic or speculative discussions that may not have a concrete proposal or funding at the end of it. Further to this, the engagement between CVSC and the Council at a strategic level appears to have understandably declined during the pandemic.
- 24 Embedding a more collaborative relationship successfully would mean a significant cultural shift for the third sector. The potential degree of cultural change on both sides should not be under-estimated, but our national report emphasised the benefits that could be achieved.
- 25 Currently, the Council has a very small number of officers providing a central resource for co-ordinating and overseeing the strategic direction of work with the third sector. During the pandemic, Council officers and third sector representatives have worked extremely hard to rise successfully to the challenges they faced. It is doubtful that this approach is sustainable without using resources in a different way.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations

- R1 The Council must strengthen its strategic vision and deliver arrangements by:
- fully embed the revised Third Sector Charter;
 - building on its pandemic experience and if required revise the Third Sector Charter;
 - ensuring its future strategic approach to the third sector adequately addresses the principles of sustainable development as set out in the Well-being of Future Generations (Wales) Act 2015; and
 - ensuring the strategy is subject to annual review and appropriate scrutiny by Councillors.

Recommendations

R2 The Council must put arrangements in place to assure itself that it is achieving its intended outcomes and delivering value for money in relation to work with the third sector.

R3 The Council needs to act on its commitment to offer longer term contracts to help build a stable third sector.



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