

# Case study:

# Birmingham City Council

## Key themes

- Developing a commissioning framework
- Building relationships between the statutory sector and the voluntary and community sector (VCS)
- Moving from grant funding to commissioning
- Working with the VCS to developing a commissioning framework that works better for both sides and enshrines Compact principles.



## Summary

Birmingham City Council has worked hard in the last three years to improve its relationship with the voluntary and community sector.

It has developed a commissioning framework that works better not only for the City Council, but also for the local voluntary and community sector.

The council has moved from a situation where its relationship with the voluntary and community sector was being criticised internally and externally to achieving Beacon Council Status for 2007-08 for 'increasing voluntary and community sector service delivery'.

The City Council's Corporate Third Sector Project has been a catalyst for change. Key to the project's success has been the involvement of the voluntary and community sector right from the start. This case study looks at what has been achieved in Birmingham and how they went about it.

## Date

This case study is based on an interview with Pauline Roche, Birmingham City Council Corporate Third Sector Project, and Theresa Gillard, Head of External Affairs, Birmingham Voluntary Services Council (BVSC).



“In Birmingham City we have shown that we the council and the voluntary and community sector can work together to improve outcomes for the people of Birmingham. We have realised that we need each other and we have learnt to value each other to do the work together. We are able to communicate with each other in a way that wasn't possible before. ”

Pauline Roche, Third Sector Project, Birmingham City Council

## Background

Birmingham City Council is the largest local authority in Europe with a population of over 1 million, and a City Council budget of £3 billion.

It is a diverse city with a diverse voluntary and community sector to match with between 4-10,000 organisations operating in the city.

Currently the voluntary and community sector attracts £40 million of funding from the City Council's main programme, Neighbourhood Renewal and Supporting People Funding, and in addition receives funding via other funding agreements and various types of in-kind funding.

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## The starting point

Three years ago, mistrust and dissatisfaction about the funding environment characterised the relationship between the council and the voluntary and community sector (VCS).

Many Council directorates had a history of funding the same organisations year on year. Organisations that were emerging, or trying something different, were finding it hard to access funds and to be part of the perceived 'insider group'. There were also frustrations with the way grants were administered, particularly the adverse effects of bureaucracy when different directorates were funding the same organisation, and requesting the same information as each other, duplicating effort on both sides.

In 2004, Birmingham's Local Compact was signed off at the same time as Central Government was emphasising the role of the VCS in helping to transform public services. The time was right to look at how both sides of this relationship could work together better to implement a Compact way of working, and so Birmingham City Council's Corporate Third Sector Project was born. An assistant director in one of the Strategic Directorates was tasked with leading the project and Corporate Policy & Performance staff member was asked to co-ordinate the project staff.

## Building relationships

Birmingham City Council's Corporate Third Sector project had two key aims: to develop and build effective working relationships between the two sectors, and to manage the move from grants to commissioning.

Key to the success of the project was VCS involvement right from the very start. In setting up the project, Birmingham City Council brought together senior representatives from each of the five directorates with senior representatives from the voluntary and community sector to form a strategic level project group. This group helped to promote understanding between the two sectors, guide thinking on what might and might not be achievable, and provided a communication route to both sectors on how the project was progressing.

**"It was the first time I had sat around a table with representatives from each directorate who were there to learn, asking to be told more. There were little arguments at times but this was part of being able to have an open conversation about what could change"**

BVSC

**National Council for Voluntary Organisations**  
**Public Service Delivery Network Case Study:**  
**Birmingham City Council**

Communicating what the council wanted to achieve, how it was going to get there, and how the VCS would be involved was vital in overcoming the historic feelings of mistrust between the Council and the VCS. Having a cabinet-level champion appointed to the project also helped in allaying VCS fears by demonstrating that the council was committed at the highest level and that this was not going to be another round of consultations with no follow up.

The Cabinet lead had a portfolio that included the largest grant giving directorate to the VCS, the Adult and Social Housing Directorate. This meant that right from the start of the process she understood both the Council's political and regulatory frameworks, and what the VCS was working towards and what it had to offer. Two key project staff also came with VCS experience which again helped with developing understanding between the sectors about what this project was working towards.

**“There needs to leadership at the highest level. The leader and the chief executive were committed but also, for the success of the work in Birmingham, having a cabinet member champion with a third sector portfolio made all the difference.”**

Birmingham City Council

A simple first step for the Corporate Third Sector Project was to develop a database of voluntary and community sector funding to build up a picture of how the Council was currently working with the sector. This knowledge really helped Council Directorates see the range of organisations being funded, and to see where two or more directorates were funding the same organisation. This enabled dialogues between Directorates that had not happened previously.

On the voluntary and community sector side, a chief executives forum was convened by BVSC to meet the need for chief executives to be able to come together to discuss policy issues affecting the sector on a city-wide basis. This forum provided the project with a sounding board for sharing ideas and was a key communication route for consultation on the documentation being developed for the Council's Third Sector Commissioning Framework.

Relationship building with the VCS is seen by Birmingham City Council as key to the whole process. Before the Corporate Third Sector Project was started BVSC was commissioned to run consultations for the Council under the four blocks of the Local Area Agreement. This really helped to underpin the relationship building process by enabled the sector to have a voice in shaping the emerging Local Area Agreement.

**“Key to everything we have achieved was improving relationships with the sector. If we hadn't worked with the sector around the Compact, and the Local Area Agreement (LAA) via the Birmingham Strategic Partnership, we would not have been able to achieve what we've done today”**

Birmingham City Council

“By working with the voluntary and community sector we were able to ensure that our documentation was understandable and less complex than it had been previously”

Birmingham City Council

### Developing a new commissioning framework

The City Council’s decision to move to strategic commissioning for outcomes was in response to the issues in the funding environment and also to align City Council spending with their corporate priorities and objectives. Issues such as transparency of decision-making, full cost recovery and three-year funding were all things that had been raised by the voluntary and community sector during the Compact consultations.

A third sector commissioning framework was developed and piloted in the City Council’s regeneration directorate first. The developed framework was robust; however it was expensive to run as all applications, regardless of quality, had to be appraised. It was also a time consuming application process for voluntary and community organisations, with many repeat questions being asked in different formats. Having built good relationships with the sector, Birmingham City Council decided that commissioning the Voluntary and Community Sector to review the commissioning documentation was the best way to achieve a commissioning framework that would work better for both sides.

A project lead was seconded from the local VCS infrastructure body, BVSC, and a budget was provided so the project lead could appoint a team of local VCS representatives: BVSC, Birmingham Race Action (b:rap), The Institute of Social Entrepreneurs (i-SE), and Birmingham and Solihull Social Enterprise Consortium (BSSES). The brief was for this group to look at the whole commissioning process: from the way opportunities were advertised, to the application and assessment process, and finally to the contract to ensure that all processes were incorporating Compact commitments, and were not a barrier preventing VCOs making an application.

**“We didn’t want to water down the application process. We wanted to make it more accessible, and for it to be easier for people to give information”**

BVSC

### Implementing a new commissioning framework

A commissioning framework including generic templates was developed for the council by the appointed voluntary and community sector project team so that each directorate could then develop their own prospectus and application form. Directorates have moved to the commissioning framework over a two year period. To manage the transition period from grants to contracts voluntary and community organisations were kept informed as to when each Directorate was moving to commissioning to ensure that they were prepared.

**“Organisations were informed early on that the council was moving to commissioning. Also, organisations were informed when each directorate was moving to commissioning and how funding agreements could be rolled over until then. It stopped people panicking. It stopped people losing staff”**

BVSC



## Key elements of Birmingham's improved commissioning framework

### A checklist as part of the application process

The checklist means that before starting the application process organisations can quickly identify whether this is something that is right for them by asking key questions around the systems they have in place for example staff training, governance etc. It also helps organisations identify areas to seek further support on if this is something they want to do in the future. For the Council it means that there are fewer applications of an un-fundable quality reducing assessment time and cost. For the sector it means that there is better clarity about whether they are ready to engage in the commissioning process.

### Guidance notes on the application form including a full cost recovery section

The application form now has clear guidance to explain to organisations what is being asked for and why helping to ensure that bids are more robust. It includes a section on how to calculate your full costs, developed with Birmingham City Council's finance team, using the ACEVO model, that helps to ensure that bids are properly costed.

### Appraisals done in-house with a VCS representative

The council now has fewer applications to assess, thanks in part to the checklist and the guidance, meaning they can now undertake the appraisals in-house, making it a much cheaper process. Also, following recommendations from the VCS group looking at the commissioning process, the appraisal panel can now include VCS expertise by selecting a representative from a voluntary and community organisation based outside Birmingham to ensure no conflict of interest between local applicant organisations.



## Key elements that made the Corporate Third Sector project a success

### People

- Appointing a council project team with VCS experience
- Having a cabinet champion with VCS experience
- Commissioning BVSC to second a member of staff to the council to review and develop the new commissioning documentation
- Working with a voluntary and community sector chief executives forum

### Process

- Bringing together decision-makers from both the Council and the VCS right from the start
- Developing a good understanding of the VCS and what it offers
- Conducting a clear well-communicated process
- Commissioning the VCS to run consultations
- Documenting in a database of the Council's main programme funding to the VCS

## Impacts

Birmingham City Council's Corporate Third Sector Project and the move to commissioning have seen a number of benefits across the city:

- improved relationships and understanding between the Council and the voluntary and community sector
- other funders considering how to work with the sector better through commissioning, and
- a more confident and strategic voluntary and community sector .

**“What has changed is that there is a realisation that both sectors are complementary to each other, and both sectors need each other to achieve what they want to.”**  
BVSC

One example of the improvement in partnership working is, through the Council's Housing Department working with St. Basil's, a homelessness charity, Birmingham has seen a reduction in homelessness of 75%.

With results like these, other funders within the Birmingham Strategic Partnership (BSP) such as Primary Care Trusts (PCTs), the Learning and Skills Council (LSC), are looking at the commissioning framework developed when they are developing their own commissioning models.

On the voluntary and community sector side, organisations are looking more closely at themselves and their own structures and systems. They want to ensure they are open to scrutiny and can deliver to uphold their Compact commitments. For some, the new system has resulted in loss of funding, sometimes in part due to poorly completed forms or not following the correct procedure. But, more organisations are now thinking strategically about their organisation's capacity to undertake delivery of public services. They are looking at whether their organisations need to grow and how, and the potential for partnerships with other voluntary and community organisations.

There is also an increased confidence from voluntary and community organisations about ensuring that their other statutory funders, including national government, are upholding their Compact commitments. The guidance that Birmingham City Council now provides as part of the application process means organisations are clearer about what they can expect in their funding relationships.

**“The council has discussed their partnership approach to developing a compact way of working with other funders in the city. They've shown that it takes time, money and trust between the organisations but that the benefits of doing so are great.”**

BVSC

## What next for Birmingham?

Birmingham City Council wants to see this process filter through to other funders in the City and also across to district level strategic partnerships. They want all funders to be considering as wide a range of TSOs as appropriate to deliver their outcomes and strategic priorities, and to be working with the sector to ensure that both sides of the relationship are meeting their Compact commitments. BVSC is currently working closely with the City Council and the wider Strategic Partnership to explore ways in which the Compact can be strengthened and mainstreamed in all voluntary and community sector relationships. One suggestion is that Compact compliance be embedded as a stated outcome within the Local Area Agreements.

Within the Council itself the next steps are to build on what they have developed and they are now looking at the idea of lead directorates for TSOs with funding agreements with more than one directorate, managing all funding agreements through a comprehensive grant management system, and setting up a permanent Corporate Third Sector Team. They are also aware that not all organisations will want to deliver services but still have a valuable and important role to play supporting communities and providing a communications link.

In the voluntary and community sector, BVSC is developing the third sector assembly as a network of voluntary and community organisations, to improve communication across the sector, to grow its ability to influence and to improve relationships with the public sector.

## What next for you?

- Discuss this case study with voluntary and community organisations in your area, your local VCS infrastructure body, your statutory funder. How does this compare to your area?
- Are there elements of the process that Birmingham have undertaken that could be replicated where you are? e.g. Does your local authority have a database of all its funding to the voluntary and community sector? Could your local authority commission the local voluntary and community sector infrastructure body to undertake an assessment of their funding/their funding processes? Is there a voluntary and community sector forum?
- How does the commissioning framework compare to funding arrangements in your area? What elements of this would you want to see replicated in your area? e.g. Would you like to see checklists that help organisations determine if they are applicable to apply for a particular funding stream?

**Would you like to comment on this case study? If so, please email [psdnetwork@ncvo-vol.org.uk](mailto:psdnetwork@ncvo-vol.org.uk)**

This case study forms part of our work exploring how Local Authorities and the voluntary and community sector are working together to ensure that commissioning and procurement policies and practice lead to fruitful relationships.

For further information visit [www.ncvo-vol.org.uk/psdnetwork](http://www.ncvo-vol.org.uk/psdnetwork) or call the Sustainable Funding Project on 020 7713 6161.

## Find out more

### **Birmingham Voluntary Services Council BVSC**

[www.bvsc.org](http://www.bvsc.org) or 0121 643 4343

### **Birmingham's Third Sector Assembly**

[www.bvsc.org/assembly](http://www.bvsc.org/assembly)

### **City Council's Third Sector Project**

<http://tinyurl.com/2rfcup>

### **City Council's Beacon Status**

[www.birmingham.gov.uk/beacon](http://www.birmingham.gov.uk/beacon)

### **A Commissioning Prospectus**

<http://tinyurl.com/2s7xbv>

### **Birmingham's Local Area Agreement**

<http://tinyurl.com/2pm42o>

### **Birmingham's Local Compact**

[www.bhamsp.org.uk/html/](http://www.bhamsp.org.uk/html/)  
[www.thecompact.org.uk](http://www.thecompact.org.uk)



The Sustainable Funding Project is an NCVO initiative working in partnership with the Big Lottery Fund, Charity Bank and Futurebuilders England.

The project encourages and enables Civil Society Organisations to explore and exploit a full range of funding and financing options to develop a sustainable funding mix.

The Sustainable Funding Project  
[www.ncvo-vol.org.uk/sfp](http://www.ncvo-vol.org.uk/sfp)