

GUIDANCE ON CLUSTERING

As requested by Town and Community Councils (TCCs), this guidance note has been put together by the Vale of Glamorgan Council (VoG Council) to provide TCCs with information on clustering to support their decision-making processes; feedback is sought from Community Liaison Committee (CLC) and Glamorgan Voluntary Services (GVS) before guidance is finalised and published later in April 2016.

1. What is Clustering?

Clustering is a term widely used to describe the ways that TCCs can increase their effectiveness and meet their objectives through collaborative, joint working and partnership arrangements with other TCCs and / or other groups. To achieve desired benefits such as economies of scale, TCCs may consider it beneficial to undertake delivery of services or functions at a local level in a group (cluster).

2. Why Cluster?

The clustering of TCCs enables a more cost effective approach for a number of reasons:

- It may be the best way forward to effectively co-ordinate arrangements where these cross TCC boundary areas.
- Clustering by TCCs allows for the sharing of resources.
- Benefits from economies of scale can be derived from the sharing of key functions.
- Reduction in costs (for example, insurance or joint commissioning).
- Increases the capacity to undertake projects.
- Clusters can enable larger TCCs to delivery services to smaller areas which do not have the resources to manage service delivery.
- Clusters can empower Community Councils to identify the most suitable form of service delivery for their local area.
- They can enable the sharing of effort to increase the availability of services and / or skills, for example with one Community Council leading on some services while another may lead on others.
- Clusters can also work with other community groups to further enhance services at a local level.
- Creates a network of shared knowledge and experience.
- Can open up new funding opportunities due to increased ability to undertake large projects or gain funding from sources that may not fund government projects.

3. Examples of Services and Assets

Across Wales, Community groups are managing services and assets in a variety of ways. The following services have been identified that lend themselves to being delivered on a “cluster” basis:

- Youth Projects
- Multi-purpose community buildings – e.g. large main halls, meeting facilities, training facilities
- Libraries
- Public toilets
- Grass Cutting
- Maintaining parks and playing fields
- Day Care
- Child Care
- Cultural and Heritage centres e.g. Penarth Pavilion.

As indicated previously, the VoG Council is keen to discuss expressions of interest in services or assets from TCCs in the form of clusters or individually. Further information is available on the VoG Council's website relating to Community Asset Transfers, including a description of the process.

4. Who to Cluster With?

The membership of a Cluster Group depends on the purpose. It could include TCCs as well as other groups in the community.

Options that clusters could choose from include: a larger Town Council delivering services within the town and in neighbouring community areas using their own employees; TCCs running community assets or delivering services through a community interest company and a Cluster Group commissioning commercial subcontractors.

Clustering arrangements display a wide variety of characteristics. These include:

- Size and form – where broadly similar sized arrangements exist and where capacity and economies of scale can be gained from sharing functions, such as administration.
- Commonality – when common links between Community and / or Town Councils exist, usually because of geographic proximity or common interests.
- Purpose – when objectives cover specific arrangements around the delivery of a service such as grass cutting and where costs and liabilities can be shared.
- Organisation – these can vary from small simple informal arrangements, such as sharing administration costs through to larger formal structures that include joint governance.

Volunteers

Although clusters can be formed by TCCs, some services can also be provided by volunteers. This can be done on an individual basis if one person has a key interest in providing a particular service or it could be undertaken by a group of volunteers overseen by a central co-ordinator. TCCs will need to consider issues such as whether volunteer groups are sustainable and whether any specific training is required. The GVS can provide information relating to how volunteer groups can be set up and supported.

5. Key Principles in Relation to Clustering

There are a number of key principles to bear in mind when considering clustering:

- Service should be undertaken at the most appropriate level which will vary with the nature of the service and the capacity and capability of the service provider.
- Flexibility should be clearly defined within agreements to allow service deliverers to respond to local needs and any changes that may arise.
- Clustering arrangements should be clear and ensure that any liabilities are properly understood and addressed through insurance or other arrangements.
- Individual TCCs will still continue to fulfil their individual existing statutory obligations.
- Clusters should provide added value to working individually.
- All clustering arrangements should include exit strategies to take account of significant changes in any circumstances.

6. Setting Up and Managing a Cluster – Things to Consider

The following are some aspects that you will need to consider when setting up and managing a clustering arrangement.

(i) Set out Clear Objectives and Governance Arrangements

It is important that the Cluster Group agrees clear objectives and that it also has in place proper governance and leadership arrangements. The Cluster Group should:

- Be clear, at the outset, about the reasons for clustering
- Establish clear priorities for the Cluster Group
- Establish an appropriate leadership model for the cluster e.g. individual chair and secretary, or rotating chair
- Consider the level of governance required, which will depend on the model adopted. This may require a formal Constitution or a Memorandum of Understanding as well as Codes of Conduct or Protocols.
- Build a strong relationship with the Manager / staff of the service or asset that you are interested in.

- Look at the existing service delivery / building and take a look at the potential to develop the service or use of the asset. Identify unmet need or service gaps in local provision.
- Understand and identify local competition. Look at the range of activities that they undertake and see opportunities to work together and share resources.
- Engage with key stakeholders and consult with the local residents. Do they have any concerns and talk to them to find out what they want and need.

(ii) Are the Cluster Group's Proposals Feasible?

The Group should properly establish if its key proposals which have been set out to meet its objectives are realistic and achievable. To do this the Group should:

- Undertake a brief and simple "feasibility study". Some groups may consider asking independent consultants to complete this task for the cluster, particularly when proposals involve significant reconfiguration of a service or building. In other instances, consideration of the costs, benefits and how the arrangement would work in practice could be undertaken by the Group.
- After undertaking the feasibility study, evaluate the results and identify any strengths and weaknesses in the proposals and update plans as necessary.
- Assess whether the necessary levels of resources are in place.
- Draw up a list of potential funding sources and formulate an action plan around further ways of income generation.
- Formulate a risk register to monitor areas and aspects of concern and to highlight what actions are required to mitigate any impacts.

(iii) Model

Decide on the right model that the Cluster Group will adopt. This will largely depend on the type of service or asset that is being considered. In all circumstances though, you will need to carefully consider the level of resources required to meet your objectives and the amount of funding that will be available.

It is also a good idea to evaluate similar projects in other areas, go out and see these in operation and talk to Managers / Elected Members about their own experiences of what worked and what did not work.

Once the governance arrangements of the Cluster Group have been decided, an organisational chart is a common way to map out the Group's structure and to clearly document roles and responsibilities.

(iv) Set up a Project Steering Group and Decide its "Terms of Reference"

If you are working as a cluster, you are advised to establish a Project Steering Group and set out the Terms of Reference that each partner will work to and to define how each TCC will seek approval from their own TCC for any decisions that are made / to be made.

The relationship between any Cluster Group and the formal functions of the TCC should be transparent to the wider public.

It should be clear whether any bodies established (i.e. a Steering Group) is a sub-committee of the TCC. The structure of a sub-group or Steering Group should be formally agreed and Membership will likely be made up of delegates from all of the partnership bodies, unless other joint representative arrangements are agreed.

(a) Terms of Reference of a Steering Group:

At an early stage it will be important to agree the Steering Group's "Terms of Reference". This will provide direction for the Steering Group by describing its purpose and structure.

The Terms of Reference of the Steering Group should be approved by a meeting of each of the TCCs in the cluster and should ensure that the TCCs receive regular documented reports from the Steering Group.

(b) Purpose

The Steering Group's purpose should be to design, implement and oversee the creation of the Cluster Group.

(c) Principles of the Steering Group

Usually the Steering Group will have a number of principles that will need to be adhered to, such as:

- The Steering Group should undertake the process in a democratic, transparent and fair fashion, allowing opinions and ideas to be put forward by all.
- The Steering Group will encourage and allow those who live in areas of the Cluster Group the opportunity to inform and shape the process e.g. through taking part in the consultation process.
- The Steering Group will make this a positive and constructive process.
- Ultimately it should be the intention to take an inclusive approach that will improve quality of life and strengthen the community.

(d) Membership of a Steering Group

Each TCC should be represented on the Steering Group. In other examples of such arrangements membership has usually been around 10 members on the Steering Group. Groups may consider membership from outside of the TCC partners also, for example, the voluntary sector, members of the community or a local business. Potential or perceived conflicts of interest should always be considered when establishing the membership of a Steering Group.

It will be crucial to formally decide and record the minimum number of members in which a meeting of the Steering Group becomes inquorate.

(e) Roles within a Steering Group

The Steering Group will be required to elect a Chair, Vice Chair and Secretary. If the Chair and Vice Chair are unable to attend a meeting then a temporary Chair (selected from the Steering Group members) should be elected for that meeting. The Secretary will take notes / minutes from the meeting, record main decisions and action points and make available to the public these and any relevant information as appropriate.

(f) Steering Group's Tasks and Activities

A Steering Group will normally undertake a number of tasks and activities, these will include:

- Working with the partnership bodies to ensure that they are fully informed throughout the process, and appropriate decisions referred to them when applicable;
- Ensuring that there is effective communication which allows for all key decisions to be mutually agreed by the Steering Group and the TCCs;
- To liaise with residents, partners and stakeholders throughout the development of the Cluster Group;
- The preparation of a project plan which sets out how the Cluster Group will be created and its activities delivered;
- To consult as widely and thoroughly as possible to ensure that the draft and final project plan is representative of the views of residents;
- To effectively publicise the intentions of the Cluster Group and to inform and engage the community,
- To publicise all subsequent activities and progress;
- The holding of regular meetings in order to agree actions and discuss issues that arise and to ensure that these are dealt with in an efficient and timely manner;
- The gathering of baseline information and analysing the available information;
- Establishing and understanding the needs of residents and what the long term visions or aspirations of the Group are;
- To decide upon and, if required, set up sub-groups to gather statistics, information and views, which will be subject to these being agreed and delegated by the full Steering Group;
- Produce notes / minutes from Steering Group meetings and circulate to all members of the Cluster Group (and others as agreed to be appropriate e.g. support staff);
- Set up a mechanism to inform interested residents of progress e.g. monthly updates by email. Encourage residents to sign up to this;
- Agree financial arrangements and budget with member Councils.

7. Does your Business Case Stack Up?

Put together a business case to carefully record the financial viability and sustainability of the proposals. This is not necessarily as complicated or as detailed as it may sound and many simple and easy to use business planning tools are available. Advice on developing business cases can be found in the VoG Council's Community Asset Transfer Guidance and also from the GVS.

8. Funding and Finances

Consideration of the financial arrangements of a cluster will be of paramount importance. Some of the main elements around finances are as follows:

- Agreement on how the clustering arrangement will be financed e.g. funding grant or contributions by the Group members.
- A Cluster Group should set some financial targets to help assess the financial stability of service, project or asset.
- Clusters will be expected to arrange public liability insurance if delivering devolved services.

In particular there will be three important funding considerations:

Overheads – when planning or applying to run a service, TCCs will need to take proper account of the likely management overhead costs, as well as the running costs. This will include such things as extra administration, office costs and insurance cover.

One-off costs – TCCs should carefully consider what one-off costs may exist and how they will be funded e.g. replacing equipment, building maintenance.

Double Taxation – sometimes local service funding through the precept can lead to concerns about “double taxation”. This happens if households are paying for both the service in their local area (through the precept) and paying towards that same service elsewhere through their Council Tax bill.

9. Will the Cluster Deliver Real Benefits to the Community?

Assessing the benefits to the community may not necessarily be complicated, but it will require careful thought and planning. The key here is not to get caught up with the Group's activities but to focus on the outcomes. For example, by running a Community Café, an outcome may be that local people have somewhere to socialise. It is these sorts of outcomes that need to be measured, and ways to do this include:

- Write a list of the cluster's intended outcomes for the community.
- Identify ways that you can monitor this (for example, through surveys of service users).

- Regularly monitor and evaluate progress – assess how far the cluster activities have delivered against the list of community benefits.
- Revisit or revise your list of outcomes each year.
- Produce a position statement to allow local people to see and understand the benefits that the Group has brought.
- Carefully maintain and scrutinise the financial position of the Cluster Group and consider whether its money is being spent in the correct areas.

10. Capacity to Meet Objectives

When setting up a cluster, it may be a good idea to create a “project team” to see through the Group’s proposals to meet its objectives. Attracting the right people with a shared passion and a large amount of commitment will be crucial. The Group should ensure that there is opportunity for all to participate in the planning and the development of the project team. It is good practice to have a wide range of representation of different interests and expertise and it is better to have too many than too few people. 6 -10 people is usually a good starting point.

Other elements will be to:

- Elect a leader, someone who has the drive and the commitment and who is also a good communicator, well connected and respected.
- Ensure that the Cluster Group up-skills its project team, consider the level of generic skills available and the number of people with specialist knowledge.
- Identify strengths and weakness and set out clear roles and responsibilities
- Always be on the lookout for potential partner groups / organisations to help guide you through this process and to act as a “mentor”.

11. Staffing and Human Resources

One important aspect will be for your Cluster Group to be able to cater for the needs of existing and / or new staff and volunteers.

The way that the Cluster Group decides how to staff the community asset or service will be of critical importance. The Group may need both paid employees and volunteers. If there are existing VoG Council staff employed in the building or service, then in some particular circumstances they can be required to automatically transfer to the new employer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

Other things to consider around staffing include:

- Be realistic of your staffing plans. Consider what is currently available and the level of financial resources. Ensure that plans do not put undue pressure on staff.
- Create “Job descriptions” and look at these being reviewed on a regular basis.

- Develop sound Human Resources policies and procedures, especially around the need to look after the welfare of any volunteers.
- Seek specialist legal advice when required and when you are unsure about something.

12. Legal Implications

There may be legal implications associated with what your cluster is intending to do.

The best course of action is to take legal advice from a suitably qualified person at the earliest stage in the development of the Cluster Group. A good starting point is LawWorks Cymru, which is a project to enable voluntary organisations in Wales to benefit from free legal advice.

Go to: <https://www.lawworks.org.uk/solicitors-and-volunteers/get-involved/lawworks-cymru>

13. Where Can TCCs Turn for Support?

One Voice Wales (OVW) – TCCs who are members of OVW may wish to discuss any potential ideas and seek further guidance on the issue from OVW, who can be contacted at www.onevoicewales.org.uk.

The VoG Council recognises that support may be required to ensure that Cluster Groups have been set up in the correct way and to ensure that they continue to operate in an effective manner. The VoG Council is willing to discuss providing support to assist with:

- Promoting and raising awareness
- The dissemination of good practice
- Promoting training and quality standards
- Developing business cases.

Glamorgan Voluntary Services may be contacted at <https://www.gvs.wales>.

14. Conclusion

This guidance note attempts to list some of the common issues, challenges and opportunities that exist around clustering, which can produce positive benefits for local communities by tackling common issues.

There is not one model of clustering which has been found and local arrangements generally depend on the main objectives for which a cluster was established. The common element is for TCCs to work more closely together sometimes in partnership with other stakeholders to get things done effectively.

For further advice or guidance regarding the contents of this document, please do not hesitate to contact –

Mrs. K. Bowen
Democratic and Scrutiny Services Officer
Telephone number: (01446) 709856
E-mail: kbowen@valeofglamorgan.gov.uk

NB This Guidance has been prepared following discussions with Vale Town and Community Councils, One Voice Wales and Glamorgan Voluntary Services at a Reshaping Services Seminar in 2015 and based on best practice.