

The Future Role of the Voluntary and Community Sector in Bolton: Working Towards a Shared Vision

Revised Background Paper: A Decade of Government Policy

This paper was originally produced to provide background information to participants in Bolton's 'Future Role' events held in March 2007.

This revised and updated version has been developed as a resource for Bolton's Future Role Project and to share with others working on this agenda.

September 2008

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Bolton
Vision

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PART ONE

1. Introduction

Bolton has a strong and diverse voluntary and community sector (VCS) that contributes enormously to the locality. Consisting of between 1500 and 2000 organisations, including around 100 led by and for BME groups, Bolton's VCS is supported by one of the best Councils for Voluntary Service (CVS) in the country. This is an exciting time for the VCS in Bolton, with the new Hub on Bold Street providing a focal point and substantial resource for the sector's future. It is also a time when much national policy is focusing on the VCS and its role in both public service delivery and social and economic regeneration. Bolton's VCS contributed to Government's 2007 third sector review (part of Government's most recent Comprehensive Spending Review) through a consultation event held in September 2006.

Following this, Bolton's public and VCS partners agreed to take a timely look at the future role of the VCS in Bolton. This piece of work is important to a number of the priority outcomes in the Local Area Agreement (LAA). In particular:

Empowered local people and communities (having a greater voice, being included and actively participating in their community whilst having influence over local decision making and the shaping and delivery of services: service providers and residents to have a recognised collective responsibility for communities).

By working with the VCS the public sector can help to build social capital, engage better with hard to reach individuals/groups, and strengthen the voice and activity of the VCS. By being more strategically involved in joint delivery and commissioning processes, Bolton's VCS has the potential to further improve outcomes for local communities and service users. If the sector is to do so it will need support to achieve this and to develop its role.

The Future Role Project gives public and VCS partners in Bolton an opportunity to:

- explore the role of the VCS in Bolton and its relationship with the public sector;
- work toward developing a shared vision for the future; and
- identify actions to achieve this.

The local relationship between the VCS and the public sector has significant influence on the ability of the VCS to grow, develop and do what it does best. This is an opportunity to build on the best of what already is and to move forward together to build a sector and a working relationship that are the best they can be. The purpose of this paper is to provide the background and policy context for Bolton's Future Role Project and to encourage informed discussion.

2. Context

Central government policy in recent years has placed significant emphasis on public service reform. Social and demographic change have resulted in a society with increasingly diverse needs and interests. Along with other cultural and economic factors, this has led to significant change in our expectations of publicly funded services. In order to remain effective and relevant to the society in which we live, these services are having to respond on an on-going basis. As a result, there has been increasing acceptance across political parties that public services are not always necessarily best provided by the public sector. But rather, that they should be provided by those best able to do so in any given circumstances. It is generally acknowledged that a greater diversity of providers is required if publicly funded services are to respond adequately to societal change.

Since the Labour government came to power in 1997 the VCS has been placed very much in the spotlight of this public service reform agenda. The VCS has a long history of providing services in response to individual and community needs – in some cases preceding that of the state. In more recent decades, the VCS has worked alongside public sector institutions in a variety of ways in order to respond to these needs. There are many features of voluntary and community organisations (VCOs) which make them strong potential allies to the public sector in improving public services and reinvigorating local democracy. At their best VCOs are flexible, responsive and able to work with those the public sector often finds hard to engage. As a consequence VCOs can and do:

- possess a wealth of local knowledge;
- enhance social inclusion and citizenship;
- have a beneficial impact on the local economy – providing people with life skills and employment opportunities; and
- offer choice to service users.

These features give the sector a unique capacity to act in relation to the public sector as:

- advocates on behalf of often marginalised groups within the community;
- advisers on service design and the needs of service users; and
- in some cases, at the providers of those services.

Through their independent actions VCOs also offer support and activities that help people feel connected to the places where they live and the communities they live within.

3. Policy background

3.1 The Compact

In response to the changing relationship between the VCS and the public sector, the Compact¹ was signed in 1998. An agreement between central government and the VCS, the Compact sets out undertakings on both sides including an undertaking by government:

'To recognise and support the sector's independence including its right within the law, to campaign, to comment on government policy, and to challenge that policy, irrespective of any funding relationship that might exist, and to determine and manage its own affairs.'

Building on this, a range of codes to the Compact were subsequently produced to clarify critical aspects of the voluntary/public sector relationship¹. By 2004 the Compact and its five codes were all in place and 98% of all local authority areas had signed up to a Local Compact. (for future developments see section 4.1 on the Commission for the Compact).

3.2 Local Strategic Partnerships

Around the time the Compact was being signed, a significant number of area-based initiatives were being introduced which were designed to address issues of social exclusion through increased partnership working between the public, private and voluntary and community sectors. These included, Sure Start, New Deal for Communities (NDC) and a range of Welfare to Work programmes (most significantly the New Deal for Young People). These initiatives were intended to address aspects of social exclusion and, in the case of NDC in particular, engage local people more actively in the decisions that affect their lives.

The subsequent National Strategy for Neighbourhood Renewal then introduced a more comprehensive policy for tackling social exclusion. This strategy targeted what were identified as the 88 most deprived areas in the country. These areas, Bolton included, were encouraged to develop a more joined up response to the issues facing their communities by bringing together local public sector agencies with VCS and private sector partners in overarching Local Strategic Partnerships. Each area was allocated Neighbourhood Renewal Fund money and a Community Empowerment Fund (later merged into the Single Community Programme), specifically intended to ensure that the local community and the VCS were engaged in these processes through Community Empowerment Networks.

The make up of LSPs in terms of their size, representation and sub-groups has varied greatly from area to area. LSP have now been universally adopted as part of the local strategic planning mechanism (ie. not just in neighbourhood renewal areas). The extent of community engagement and VCS representation on these

¹ Consultation and Policy Appraisal, Volunteering, Community Groups, Black and Minority Ethnic Voluntary and Community Organisations, Funding & Procurement

partnerships, their executive board and the range of thematic or area-based partnerships which underpin them, differs significantly between local authority areas. In some cases this engagement is systematic and central to the ethos of the partnership, in others it is much less so. LSPs have, however, almost universally increased the level and quality of dialogue between the public sector and their VCS partners. The ability of LSPs to develop comprehensive Sustainable Community Strategies for their local areas has generally been seen as a significant step forward in achieving joined up and more effective responses to local service needs.

3.3 Local Area Agreements

Local Area Agreements (LAAs), originally introduced as a pilot initiative in 2004, have now been rolled out nationally. Developed with local partners through the LSP, LAAs represent the delivery plans that underpin local Sustainable Community Strategies. Although developed locally, LAAs form an agreement between the local authority and central governmentⁱⁱ.

Despite the requirement for every LAA to include a statement of community involvement, the extent of this community engagement in developing the LAA, has varied enormously. There are examples where smaller executive or public service boards of the LSP have been developed to drive this process, which have not maintained inclusion of VCS representatives. In others areas the VCS has been systematically engaged in the executive group and across the thematic sub-groups, which in some cases have been chaired by VCS representatives. Those areas where the LSPs had already established systematic engagement of the sector have tended to be better at maintaining and building on that engagement in the LAA process.

In 2007, the National Audit Office published an evaluation of the impact of Local Area Agreements on the third sector². This review, found that although the third sector has had a voice in the development of LAAs, there is little evidence that LAAs have had a direct impact either on the sector's role or the amount of funding. The review report suggests that there is potential for LAAs to have a positive impact and create a more 'level playing field' for service delivery in future but that improved commission capability will be key to achieving this. The impact of the latest round of LAA negotiations with regard to VCS influence and future delivery role has yet to be evaluated.

3.4 Treasury review of the sector's role in public services

As part of Government's 2002 Comprehensive Spending Review, the Treasury conducted a cross-cutting review of the role of the VCS in public service delivery³. This review identified that there are circumstances in which VCOs are potentially able to deliver services more effectively to certain groups than other public or private sector providers. The review identified crucial features which enable VCOs to operate

ⁱⁱ The original round of LAAs addressed nationally and locally defined targets in relation to four policy blocks: children and young people; safer and stronger communities; healthier communities and older people; and economic development and enterprise (added in 2005). Following the 2006 Local Government White Paper and the subsequent introduction of the new local government performance framework, LAAs have been revised to include a smaller number of national indicators across the piece. For more on the new generation LAAs see section 4.4 below.

in environments which others have found difficult or impossible. At their best VCOs demonstrate a number of these qualities which include:

- **People at the heart of the services they deliver** - whether as users or self-help/autonomous groups.
- **Specialist knowledge, experience and/or skills** – which can include experience from a direct user perspective.
- **Independence from existing and past structures/models of service** – which allows them deliver services in new and innovative ways.
- **Access to the wider community without institutional baggage** – the sector's independence from government enables staff and volunteers to access often vulnerable clients who would perceive public sector institutions negatively.
- **Freedom and flexibility from institutional pressures** – offering responsive user-centred services which can be flexible and innovative rather than prescriptive.

Acknowledging that the sector, and these features of the sector in particular, have a great deal to offer in terms of the on-going reform of public services, the cross-cutting review sought to identify and address the barriers which might prevent VCOs from delivering more public services in future. Most significantly, this review resulted in:

- A further Home Office review of the infrastructure support available to the sector and subsequent investment in this infrastructure (nationally and sub-regionally) through the **ChangeUp** programme now run by Capacitybuilders^{4 iii}.
- Acknowledgement of the legitimacy of **Full Cost Recovery** by the sector when delivering public services (ie. the principle that public funding for such activity should cover not only the direct cost of that provision but an appropriate proportion of associated overhead costs).
- A cross-government commitment to implementation of the **Compact** at all levels.
- The creation of **Futurebuilders**⁵, with an initial resource of £125 million, to provide a combination of loans, grants and professional support to build the capacity of third sector organisations with the potential to deliver public services^{iv}.

3.5 Gershon public sector efficiency review

In 2004 the Gershon inquiry into public sector efficiency made its report on 'releasing resources to the front-line'. This report set in motion a process of efficiency measures introduced across the public sector. The Gershon report⁶ was clear that it was not about cutting services but about achieving greater efficiency. The report also made some specific recommendations in relation to the Government's funding relationship with the VCS. This included:

- improving stability by moving to longer-term, multi-year funding arrangements where possible;

ⁱⁱⁱ Capacitybuilders funds 9 National Support Services in priority areas of infrastructure support and distributes grants locally, sub-regionally and regionally: to improve reach of infrastructure support; promote strategic change in infrastructure via consortium development and modernisations; enhance support for social enterprise.

^{iv} Futurebuilders has since received additional resources and, following a recent re-tendering exercise is now being managed by the Adventure Capital Fund (ACF).

- considering carefully the appropriate assignment of risk between the statutory body and the voluntary and community organisation when contracting for service provision;
- making further progress towards full acceptance of the principle of full cost recovery, ensuring publicly-funded services are not subsidised by charitable donations or volunteers; and
- streamlining and rationalising monitoring, regulatory and reporting requirements.

Although Gershon clearly stated that efficiencies could be achieved both by delivering the same or better outcomes for less resources **and** delivering more or better outcomes for the same resources, the imperative on public sector agencies to make cashable savings has favoured the former. The requirement to achieve efficiency targets is having an impact on the financial relationship between the public and voluntary and community sectors to a greater or lesser extent across public sector agencies and partnerships. This is dependant on a number of factors and local circumstances. The extent to which efficiency targets are being transferred down to cuts in VCS funding is to some extent influenced by:

- the nature of the financial relationship between sectors;
- the quality of dialogue between sectors; and
- the public sector's recognition of VCOs' potential added value (eg. as drivers for civil engagement, social capital and community well being and particularly through leverage of resources from elsewhere)

Where there have been financial and subsequent service cuts this has created something of a contradiction, particularly as the intention, and indeed the title of the efficiency review, was to release resources to the front-line which is precisely where most local VCOs are operating. The efficiency agenda has also placed much greater onus on VCOs in receipt of public funding to track the outcomes of their work and demonstrate that they are offering good value for public money.

4. More recent developments

4.1 *The Commission for the Compact*

The Commission for the Compact was set up following a 2005 Home Office review. The review looked at ways to strengthen the Compact and ensure that its principles were more consistently adhered to in relationships between the VCS and government at all levels. This Commission, under the leadership of the Compact Commissioner^v, is now working to review and update the Compact and promote its wider use. This work will include updates to a number of the Compact codes, including the BME code which needs to be aligned with more recent equalities legislation and the Funding and Procurement Code which is currently weak on the issue of commissioning. The Commission has also launched a wider discussion on ways to strengthen the Compact and its use, particularly in circumstances where the principles are breached.

^v Sir Bert Massie, former Chair of the Disability Rights Commission.

One of the options put forward is for the Commissioner to be given more powers to intervene where things go wrong. The Compact Advocacy⁷ programme run by the National Council for Voluntary Organisations (NCVO) already plays a role in negotiation and mediation in national and local cases where VCS partners feel the principles or the spirit of the Compact have not been adhered to. An enhanced role for the Compact Commissioner would potentially have much more weight in respect of public sector bodies. As yet there is no clear view on how the strengthening of the Compact or the Compact Commissioner's role might apply to Local Compacts.

4.2 Third Sector Review

Having focused heavily on the sector's role in public service delivery, Government recently took a broader look at the future role of the third sector in social and economic regeneration as part of the 2007 Comprehensive Spending Review. The Treasury and the Office of the Third Sector (OTS)^{vi} conducted a joint review looking at the sector's role in: voice and campaigning and strengthening communities as well as transforming public services. This review explored how to encourage social enterprise and support the right environment for a healthy third sector. It built on comprehensive consultation with the sector, including a well received and successful consultation event held in Bolton in September 2006.

The review consolidated much of the policy development that has taken place in recent years, including elements of policy set out in the Public Services and Social Enterprise Action Plans and the Local Government White Paper (see below). Amongst other things, this review highlighted the important role of community organisations in: building social capital; providing community services; promoting participation and empowerment; and contributing to local regeneration.

The final report⁸ emphasised voice, partnership and sustainability in funding as important factors. It also recognised some of the hidden economic benefits of a strong community sector and community activity. OTS clearly sees local government having primary responsibility for encouraging strong, active and connected communities, particularly through their relationship with the third sector. The review made a wide range of recommendations for the Comprehensive Spending Review period of 2008-2011. These include:

- A focus on enabling the third sector to play a full role in campaigning and providing voice for users and communities.
- A £50 million local endowment match fund to help local independent foundations provide sustainable grant funding for the future in addition to £80 million already announced in the 2007 budget for a locally distributed small grants programme^{vii}.
- At least £10 million investment in community anchor organisations and community asset and enterprise development, building on the £30 million Community Asset Fund announced in the 2006 pre-budget report to support

^{vi} Located within the Cabinet Office, OTS combines the functions of what used to be the Home Office Active Communities Unit and the Social Enterprise Unit within the Department for Trade & Industry.

^{vii} Both these Grassroots Grant programmes are being taken forward by the Community Development Foundation www.cdf.org.uk.

communities to develop community owned buildings (see section 7.6 on community management and ownership of assets below).

- £117 million of new resources for youth volunteering initiatives.
- Work to build the capacity of third sector organisations to improve public services through additional £65 million investment in the Futurebuilders Fund and through training for over 2000 public sector commissioners.
- Additional investment to raise awareness of the social enterprise business model.
- Mechanisms to drive best practice in funding the third sector, including an expectation that three year funding will become the norm.
- A new programme to build the third sector evidence base.
- A new sector skills strategy.
- £85 million of new investment for third sector infrastructure development through Capacitybuilders, with new programmes on campaigning and social enterprise and an emphasis on reaching down to the smallest community groups.
- On-going commitment to the Compact as a means to build the relationship between the third sector and all levels of government.
- Building on evidence from the Treasury Local Area Pathfinders^{viii} and the measures set out in the Local Government White Paper to develop good practice locally and a new local survey to track the health of the local sector and the quality of its relationships with the local statutory sector.

4.3 The Local Government White Paper

Also published in the latter part of 2006 was the most recent Local Government White Paper⁹ produced by the Department for Communities and Local Government (CLG). The responsiveness of local services and citizen engagement in decisions about these services are key themes within the White Paper, as is the 'place-shaping' role of local authorities.

The concept of 'place-shaping' was one that emerged from the Lyons inquiry into local government functions and finance. This inquiry¹⁰, which influenced the subsequent White Paper, took the view that greater public satisfaction with services will only come with a degree of local autonomy achieved through greater devolution from central to local government and, as far as is possible, from local government to local citizens. Lyons saw local authorities at the centre of this more devolved state, corraling public sector and other partners in the LSP and encouraging a locally appropriate response to key issues, based on local opportunities and circumstances.

Echoing this view, the White Paper set out Government's commitment to empowering communities to have greater influence over the decisions that affect them. It proposes a new duty on local government to consult and involve local people in their policy development (see section 7.3 on place shaping and the 'duty to involve' below) and introduced a new Community Call for Action^{ix}. These proposals have been introduced into the legislative framework through the recent Local Government and Public Involvement in Health Act 2007¹¹, which also made provision to abolish Patient and Public Involvement in health forums and introduced new Local

^{viii} See Annex 3 for Critical Success Factors identified through the pathfinder initiative.

^{ix} Subsequently developed as the Councillor's Call for Action. See section 7.5 on the Community Empowerment White Paper below.

involvement Networks (LINKs) designed to give local people a stronger voice in the process of health and social care decision making and commissioning. To promote greater devolution from central to local government, the White Paper also introduced changes to LAAs and to the local performance framework (see 4.4 below).

The section of the White Paper specifically addressing the third sector emphasised the need for:

- more systematic engagement of the sector in LSPs and LAAs (described as inconsistent at best and weak at worst);
- recognition of the sector's role in providing voice for local and often marginalised communities;
- a level playing field between the third sector and mainstream providers of public services;
- longer-term funding for activities within the sector to promote greater stability and make best use of resources and sector skills;
- improvement of commissioning processes, including greater involvement of local citizens and the local VCS in commissioning decisions; and
- increased opportunities for community ownership and management of assets.

The White Paper also stated a belief that grants, as well as contracts, have a crucial role and should be used where appropriate, particularly in relation to small community groups and when building capacity within third sector organisations.

4.4 LAAs and the new performance framework

The Local Government White Paper and subsequent 2007 Act have made significant changes to the performance framework for local government, including changes to Local Area Agreements (LAA). The number of national indicators against which central government measures local government performance has been reduced to a National Indicator Set of 198¹². Each local area is required to agree 35 of these targets to include in their LAA^x. These new LAAs place greater emphasis on local service delivery priorities and stronger partnership working between local agencies. The Local Government Act also introduced a duty on named partners to co-operate with the local authority in this process. Alongside subsequent statutory guidance on implementation of the Local Government Act and guidance to local authorities on developing new LAAs, CLG also published a consultation document on 'Principles of Representation' for third sector partners engaged in LSPs¹³ (see section 7.4 on Strategic engagement and principles of reputation below).

New LAAs have now been signed off. Despite best intentions, there remain questions over the extent to which third sector partners have been able to engage in and/or influence these new LAA processes. However, around a third of local authorities have included in their LAA one or other or both of the two indicators relating to the third sector. These two indicators (6 and 7) focus on 'increasing participation in regular volunteering' and 'creating an environment for a thriving third sector' respectively. It is evident, where local partners have looked at it, that there are many other indicators across the set of 198 to which VCOs can and do potentially make a

^x Along with 18 statutory education and early years targets.

significant contribution. These including many of those relating to participation, children and young people's services and many aspects of health and social care.

Although each area selects only 35 indicators for their LAA^{xi}, the wider performance monitoring process of Comprehensive Area Assessment (CAA), conducted by the Audit Commission, will assess local areas against all 198 indicators. The exact methodology for the CAA, which will determine how these indicators contribute to overall performance monitoring, is still under development. The Audit Commission, and other inspectorates contributing to CAA, have been consulting on these processes¹⁴. The new methodology for CAA will replace the current Comprehensive Performance Assessment (CPA) in 2009.

4.5 City Regions and Multi-Area Agreements

Since plans to create for elected regional assemblies folded following the 'no' vote in the North East referendum, the concept of City Regions has gained popularity. City Regions are the wider areas around core cities from which the people working in and using the services (eg. leisure, education, shopping and health) of these cities are drawn. Greater Manchester is amongst 13 areas that have lobbied to see policy on City Regions taken forward. These area are now working across local authority boundaries to negotiate and develop Multi-Area Agreements. Like LAAs these agreements will set the core priority areas of work to address competitiveness and quality of life in the sub-region.

Greater Manchester Council for Voluntary Organisations (GMCVO) was previously involved in the Greater Manchester Forum, responsible for developing plans for the City Region. The structures for governance and delivery of the MAA are still in development. Although the VCS has been recognised as a key partner in the sub-region, there has not been significant involvement in MAA negotiations so far. The complex relationships involved in developing the MAA, not least between the 10 local authorities in the sub-region, have meant that emphasis on wider stakeholder involvement, to date, has been limited. There has also been less push from central Government with regard to engagement of the third sector in these processes when compared with those for developing LAAs.

It is likely, however, that greater degrees of collaboration will be required in future if the MAA is to be successful. Greater collaboration between local authorities in the sub-region and links between MAA and LAA priorities are likely also to require greater collaboration between other partners. If the role and potential of the VCS is to be recognised across the sub-region then greater collaboration between VCOs, particularly those with an infrastructure role in supporting and representing the sector (eg. via the ChangeUp consortium and/or in collaboration with GMCVO) could be advantageous.

^{xi} Which will come with additional resources for achieving stretching targets.

5 On public service delivery and commissioning

5.1 Public Services Action Plan

In December 2006 OTS also published a Public Services Action Plan¹⁵ taking forward Government's public services agenda. Amongst other things, the action plan identified a set of eight core principles for public sector commissioners (see full list of principles in Appendix 2).

The action plan proposed:

- better alignment between central government commissioning frameworks;
- creation of a National Programme for Third Sector Commissioning^{xii 16}
- further work on the potential for sub-contracting and consortia to ensure appropriate involvement of smaller, local providers; and
- further exploration of the use of social clauses in contracts to encourage third sector delivery.

It also identified specific service areas for potential increase in VCS delivery, including in: employment and training; parenting support; health and social care; community transport; waste management; and Supporting People services.

5.2 Commissioning at the heart of public service reform

Good commissioning practice is clearly at the heart of effective working relationships between the public sector and the VCS at all levels. Many government departments are looking at this in relation to service reform. Greater citizen or user engagement are key themes across this work as is the need for more joined up approaches. In response to the *Every Child Matters*¹⁷ and *Our health, our care, our say*¹⁸ White Papers, the Department for Children, Schools and Families (DCSF) and the Department of Health (DH) in particular, are trying to address commissioning issues.

Department for Children, Schools and Families (DCSF formerly DfES)

DfES (now DCSF) produced a joint planning and commissioning framework in March 2006¹⁹. This framework emphasised the fact that: *'effective joint planning and commissioning necessitates new partnerships, redistribution of power toward users, strategic understanding of how all outcomes in the local area are met, and a more commercially minded approach to procurement'*. It also addressed:

- market management (including market development, particularly in relation to provider diversity);
- the shift toward more preventative services;
- developing a clear rationale, and transition plans, for any de-commissioning;
- multi-agency provision as a route to effective delivery of preventative and early intervention services; and
- greater use of pooled budgets.

^{xii} This programme builds on the 8 core principles for good commissioning and is being delivered by the Improvement and Development Agency for Local Government (IDeA) on behalf of OTS.

Department of Health

The Department of Health (DH) set up a Third Sector Commissioning Task Force which published a report²⁰ in 2006 based on the outputs of three working groups looking at: planning and commissioning; streamlining regulation and accreditation; and contracting with the third sector. The outcomes of this work helped inform the subsequent joint commissioning framework for health and well being published in March 2007²¹. This framework, which is intended for those commissioning in health services, social care and in local government more broadly:

- emphasised the importance of partnership, prevention and placing people at the centre of commissioning.
- suggested that health commissioning is often too focused on value and price rather than quality and outcomes.
- recognised the role of the third sector, both in advocacy and delivery, and promotes proactive engagement of the sector in both.
- suggested that, as part of on-going local market development, support may be needed locally to develop providers and to raise awareness of the opportunities for, and barriers to, third sector delivery.

DH has since reviewed its own funding of the third sector²² using a combination of investment through strategic grants and a revised commissioning processes.

Ministry of Justice (formerly Home Office)

Work has been done to open up commissioning of probation and offender management through the National Offender Management Service²³. This includes a commitment to a mixed economy of provision, including increasing the role of the VCS and private sector in service planning and delivery, by removing barriers and enhancing contestability. This work on public value partnerships has influence NOMS National Commissioning Framework²⁴ and its updated Third Sector Action Plan²⁵ which highlights the need for better commissioning and procurement based on the 8 core principles for commissioners set out in OTS's Public Service Action Plan (see above and Appendix 2 for the eight principles).

5.3 Intelligent commissioning

In Summer 2007, the Audit Commission, which is responsible for overseeing the performance of local government (through current CPA and CAA in future), published a report on commissioning from the voluntary sector²⁶. This report sets out the requirements of intelligent commissioning including:

- a sound understanding of user needs;
- a well developed understanding and management of markets; and
- good procurement practice, which comprises:
 - a choice of funding approaches (grant and contract)
 - the process prior to awarding the grant or contract
 - the basis for determining price
 - post award, the effective management of the working relationship.

The Audit Commission proposes these principles as a sound basis for commissioning from any sector. However, the report also acknowledges a number of challenges particularly relevant to the VCS. These include: how to establish an appropriate price (with reference to full cost recovery) where the funding mechanism being used is grant funding; and achieving a balance of competitive neutrality between potential providers and development of the VCS as part of the local service market.

The report also suggests that commissioners need a more sophisticated understanding of the market and basis for decision making if they are to achieve best value for money in their locality for the long term, rather than focusing solely on cost minimisation in the short term. The report acknowledges that the kind of niche services that many small VCOs deliver, often compare unfavourably with mainstream provision on a unit cost basis. However, a more sophisticated understanding, both of user needs and of how to identify and measure outcomes, would help commissioners to reach decisions that more accurately reflect value for money in the longer term.

The report recommends that local VCOs should be engaged both in service planning (to benefit from their knowledge of clients) and the design of commissioning processes (to encourage a diverse supply base). The Audit Commission will continue to assess councils' commissioning practice as part of the use of resources judgement incorporated within the CAA (see Section 4.4 above).

5.4 The Role of Social Enterprise

Debate around the role of social enterprise in public service delivery has increased considerable over the last couple of years. Social enterprise refers to business activities which have social objectives, where any profits made are reinvested in the business rather than distributed to shareholders. There are an increasing number of businesses that identify themselves as Social Enterprises. However, social enterprise activity is also something in which many VCOs engage – increasingly as a way to diversify their sources of income and increase levels of autonomy and opportunities for self determination. Together with what has traditionally been seen as the VCS, social enterprise makes up the more broadly defined third sector.

At the end of 2006, the Office of the Third Sector published its Social Enterprise Action Plan²⁷. This plan committed government to improving the opportunities for Social Enterprises to expand their role in the economy by:

- raising awareness amongst a wide range of stakeholders, including via education programmes, the creation of 20 social enterprise ambassadors and a £0.8m strategic partnering initiative with organisations representing social enterprise;
- improving information and advice for social enterprise including through provision of additional resources for Regional Development Agencies (RDAs) to improve the level of appropriate support delivered via Business Links;
- improving access to funding including introduction of a £10m Social Enterprise Investment Fund; and
- working across government to improve the opportunities for social enterprise to deliver public services (see Public Services Action Plan above).

Social and environmental sustainability are seen as significant aspects of what social enterprise can offer. Where actions have been taken to enhance the potential for social enterprise delivery of services, these often tend to address public sector procurement strategies and the inclusion of social and environmental clauses in service specifications and contracts. Social enterprises have won some significant contracts from local government in recent years, particularly in the areas of community recycling, leisure and housing.

6 Key themes and issues in public service delivery and commissioning

6.1 VCOs' multiple roles in relation to service delivery

The imperative in the public service reform agenda is to ensure that services are more responsive to people's needs and therefore more efficient and effective. There are many ways to identify the needs of service users at different stages of service design and delivery, from strategic planning onwards. VCOs have a number of legitimate roles here as:

- advocates;
- advisors; and
- providers.

This might include, for example:

- representing different groups within the community;
- facilitating direct service user or community engagement; or
- advising on what service approaches do and do not work for particular client groups.

In some cases VCS or third sector organisations will be best placed to be the providers of these services in future. In others, they may not be in a position to deliver the whole service but to deliver part of it (eg. to a particular group within the community) through a partnership or sub-contracting arrangement with a larger partner. Or, a group of VCOs, may be in a position to come together as a consortium to provide a comprehensive service to the community between them. These service delivery options are all ones which public sector commissioners might want to consider when seeking to develop or out-source services for the local community. These approaches can bring with them the advantage of local knowledge and connection and the added value of local community engagement. A number of local authorities are looking at ways in which the mechanisms used to commission local services can take these opportunities into account (see Appendix 1 for examples).

6.2 The engaged funder

The financial relationship between the public and third sectors is of critical importance to both. On the one hand public sector funders need to ensure that they are spending public money effectively. On the other, VCOs want to be able to maintain their independence from government, to develop and grow in accordance

with their own objectives and be flexible and responsive to the needs of the client groups or communities they work with. An increased understanding of the sector and how it operates can help public sector funders to ensure that both of these are achievable. A recent book by Julia Unwin²⁸ (now Chief Executive of the Joseph Rowntree Foundation) set out some of the benefits and risks of becoming a more engaged funder. She reports how:

'Proponents of engagement describe a more mutually satisfying process through which the funder and applicant work closely together to develop a funding proposition, and then are engaged as equals through the process of grant management.'

Where the public and third sectors seek this mutually satisfying relationship they require constructive dialogue, sound mutual understanding and a varied and evolving funding relationship. A helpful analogy has been drawn between the impact that modern day travellers have on the cultures and environments they seek to explore and the impact that funders potentially have on the sector they fund²⁹. Each in their own way leaves behind a footprint. In the case of the funder this footprint affects the ability of the VCS to grow and develop. It takes a degree of awareness to ensure that this footprint is a positive one. Local public sector agencies, and local authorities in particular, have a degree of freedom to decide what kind of funder they want to be; and therefore, the impact they will have on the sector as a consequence.

6.3 A healthy funding mix

In an earlier publication Unwin³⁰ describes three modes of funding which a funder might utilise for different purposes. These funding modes are described as:

- Giving
- Investing
- Shopping

Where giving refers to grant funding, investing refers to funding for capacity building and infrastructure support and shopping refers to the purchase of specific services. Each of these modes is appropriate in different circumstances dependent on the desired outcome of the funder.

Those who advocate on behalf of the sector, including NAVCA^{xiii}, believe that a mix of these modes of funding is essential to the maintenance of a healthy, active sector in any locality³¹. This argument has come to the fore in recent months because the emphasis on efficiency and public service delivery has led some local authorities to focus almost solely on the shopping mode. As a consequence grant funding has been refocused for direct public service delivery and even provision of VCS infrastructure support has been competitively tendered. That is not to say that either of these responses is not justified but rather that the implications of such a shift should be fully understood. Both the 2006 Local Government White Paper and the action plan from the Office of the Third Sector endorse the principle that a balance of grants and contracts is required dependent on the purpose of the funding.

^{xiii} The representative umbrella body for local infrastructure organisations such as Bolton CVS

6.4 Commissioning principles and practices

That said, the 'shopping' mode of funding is a very important one and one which many of the central government policy drivers are leading local public sector bodies to address. As a result public sector partners in many areas are working together with the VCS to ensure that their commissioning practices, and the principles on which they are based, are sound and inclusive ones that value the role of the sector throughout the commissioning process and not just in delivery.

The way in which these issues are being approached of course differs in every locality (see Appendix 1 for examples). There are a number of common issues which local partners are finding they have to address as part of this process. These include:

- **Longer term contracts/funding** – There is a strong argument for increasing the term of funding agreements and contracts to three years as a minimum wherever circumstances allow. This encourages stability (including the ability to retain experienced staff) and enables VCOs to better plan and invest in delivery. Treasury guidance³² has suggests that local authorities, now being given a three year settlement, have *'the opportunity to cascade this stability, where it represents good value for money to do so, through to third sector organisations'*. This approach to the length of funding is fully endorsed in the most recent Local Government White Paper, the Audit Commission report on intelligent commissioning and by OTS.
- **Full Cost Recovery** – Full cost recover also makes good financial sense. Under-resourcing is known to be a frequent cause of project failure in any sector. There is also significant risk for public sector agencies in securing services from increasingly 'starved'^{xiv} organisations, which can lack capacity for performance management and organisational development as a consequence. Although the principle of full cost recovery has been accepted by central government, and increasingly by others in the public sector, it remains a technically complex issue.

There are models and some national guidance for the allocation of full costs but even so there is a need for dialogue between partners to gain a shared understanding and a level of trust. A degree of trust is essential on both sides. On the part of VCOs, to trust that their true costs will be accepted and on the part of the public sector, to trust that costs have been apportioned properly. Again Treasury guidance suggests: *'There is no reason why service procurers should disallow the inclusion of relevant overhead costs in bids'*. In 2006, the National Audit Office published a report on Full Cost Recovery³³ which provides a helpful overview of the application of Full Cost Recovery in a variety of financial relationships, with reference to due diligence on the part of the funder.

- **Greater emphasis on outcome rather than process** – All current debate about public sector commissioning emphasises the need to focus on outcomes, rather than process, in the planning and monitoring of services - ie. focusing on 'what' is to be achieved rather than 'how' it is to be achieved. The agreement of outcomes provides a degree of flexibility which enables provider organisations to respond to

^{xiv} Julia Unwin (2004/5) – see reference 31 in Annex 2

individual needs and changing circumstances. Understanding and articulating outcomes requires a shift in thinking on both sides. Charities Evaluation Services³⁴ have been doing some work with local infrastructure organisations through their National Outcomes Programme to cascade training to local groups to implement an outcomes approach to planning and monitoring their work. This is set to become increasingly important to the relationship between the VCS and the public sector.

- **Streamlining regulation and monitoring** –The streamlining of regulation is an on-going concern for all sectors. The aim being to minimise the time required for service monitoring and maximise the time devoted to delivery. This is of particular importance to VCOs because their funding tends to come from multiple sources. Of course there are imperatives of external regulation that dictate much of what local public sector agencies require of their VCS delivery partners. However, opportunities to streamline requirements and share information need to be investigated in order to minimise the burden on VCOs.
- **Data management and market intelligence** – The emphasis on service delivery and commissioning is also causing public and voluntary sector partners to think about information management. The extent to which any local area has a comprehensive database of the VCOs operating in their locality varies enormously. In some cases the local authority takes the lead on this. In others the information is compiled and held by the local CVS. Some areas have conducted comprehensive mapping exercises either in the past or more recently. This information is seen as increasingly important to ensure that opportunities for engagement and consultation reach the widest possible range of organisations. And, that where there are service delivery opportunities, these are advertised to all potential providers. In Herefordshire (see Part Two) a local infrastructure organisation has linked data collection to an accreditation processes to develop an approved provider lists for health and social care.

6.5 Commonly identified training and support needs

There are many potential opportunities here for both voluntary and public sectors. There are also many challenges. Addressing these challenges and making the most of the opportunities will almost certainly require better understanding of the public sector by the VCS and vice versa. The following are also commonly identified training and support needs:

- Public sector commissioning skills and understanding of what is allowable within financial regulations.
- VCS understanding of public sector procurement and commissioning rules.
- VCS skills in developing proposals and responding to tender documents.
- Support for the sector to develop collaboration and consortia where appropriate.
- VCS expertise in costing projects properly and pricing their services accordingly.
- Development of skills and understanding on both sides in relation to identifying and measuring outcome.
- Support for VCOs to improve governance and accountability.
- Improved negotiation skills on both sides.

7. On community capacity, engagement & empowerment

7.1 *The bigger picture*

Having explored the range of roles that the VCS potentially has in relation to public services it is important to reflect, as the most recent Third Sector Review did, that this is not the whole picture. VCOs may well have the potential to engage in local decision making, influence and in some cases deliver public services but this is not generally the purpose for which these organisations exist or the impetus for their future development. VCOs emerge out of collective action, the freedom of individuals to associate and respond to the circumstances or environment they find themselves in. Whether small community self help groups or large national charities, the voluntary principle lies at the heart of all VCOs which are dependent on voluntary boards even when employing staff in their day to day running.

The existence of VCOs and the work that they do within and across communities is an important part of the social and cultural fabric of our society. The benefits of this in terms of activity and social capital within communities is tangible. The knock on effect, in terms of individual health and well being and community cohesion, is significant too. A healthy and active VCS can therefore have significant benefits for society as a whole. Viewing the sector solely through the lens of public service delivery is to miss its wider significance and its role as the 'social glue' which can help to hold communities together.

If funding is only available to the sector for the direct delivery of services then much of this will be lost. In the current climate, this is seen as a particular danger for small community groups (including those emerging from BME communities) which may have neither the will nor the capacity to meet service specifications but who none the less contribute greatly to the locality and to community well being. These organisations play an important part in building community and responding in appropriate ways to their members and beneficiaries. They can also be the ones to identify and respond to the service needs of the future long before they are accepted as priorities by the public sector.

7.2 *Civil Renewal and Community Capacity Building*

A fall in the number of people willing to participate in representative forms of democracy (ie. through use of their vote) and the relative lack of diversity of those prepared to represent their community in a formal capacity (eg. as local councillors) have sparked concern about the nature of democracy in the UK. In response to this, central government has implemented policies designed to increase participative forms of democracy (whereby individuals and communities are given greater opportunity to have a direct say in the decisions that affect their lives) and promote active citizenship (eg. through volunteering initiatives). The civil renewal agenda is of particular importance to VCOs, as the providers of volunteering opportunities and as participants in, and facilitators of, much community engagement. A link between participation in community activity and the willingness and ability of individuals to participate in society and in wider local democratic processes is strongly implied.

In 2003 the Home Office Civil Renewal Unit conducted community capacity building review. The review highlighted the need to fully involve citizens and communities in realising government objectives. It recognised that the skills, abilities, knowledge and confidence of people and community groups would need to be built up if they were to play an effective leading role in the development of their communities. The review also highlighted a need to improve learning and development within the public sector to encourage more meaningful engagement with citizens and communities. The resulting framework³⁵ advocated a community development approach which focused on the assets and strengths of communities as well as on their needs. Priorities for action included: efforts to build strong, sustainable community anchor organisations which provide a focal point and support to develop the capacity of the community sector; and local action planning and stronger collaboration through partnerships at all levels.

This review has clearly influenced several areas of policy thinking, including the Quirk Review into community management and ownership of assets, the 2006 Local Government White Paper, the more recent Third Sector Review and Community Empowerment White Paper (see below).

7.3 *Place-shaping and the duty to involve*

Local authorities that accept their place-shaping role and their responsibility for ensuring that there are locally appropriate service markets for the future, are having to think carefully about how they can nurture an active and healthy VCS. The presence of such organisations in a locality can be a significant aid to the local public sector, not least in their ability to access certain parts of the community and draw in resources from elsewhere. This will arguably become more important as the new duty to involve, introduced in the recent Local Government and Public Involvement in Health Act, comes into play in April 2009. Presumably in recognition of this, around one third of authorities have included one or both of the two third sector indicators on 'an environment for a thriving third sector' and 'regular volunteering' in their recently signed LAAs.

7.4 *Strategic engagement and principles of representation*

One of the other changes brought about as a consequence of the last Local Government White Paper was a significant shift away from ring-fenced resources transferred from central to local government. This is a key part of the new central-local concordat³⁶ signed between the two tiers of government, which recognises the need for local government to have more freedom and flexibility to allocate resources based on local knowledge and priorities. As a consequence several previously ring-fenced funds, including those allocated to fund Community Empowerment Networks (CENs), have now been rolled into the generic Area Based Grant. Whilst there is a clear agreement that the VCS should be involved in strategic decision making (both with respect of the Sustainable Community Strategy and the LAA) through LSP structures and the various thematic partnerships that sit beneath them, there is currently little consensus on how this should best be resourced or achieved.

All local authority areas are having to consider this in relation both to the commissioning and community empowerment agendas and the forthcoming 'duty to

involve'. CENs may continue to be the preferred option, particularly in areas where they are already in existence. In other areas a combination of approaches are being taken, including Third Sector Assemblies (see Birmingham example in Appendix 1), LAA liaison/co-ordination roles (see Essex example in Appendix 1) and inclusion of this function resourced as part of the core local infrastructure role of the CVS. CLG has worked with NAVCA and other third sector partners to develop 'Principles of Representation' (previously circulated for consultation³⁷) which should underpin the role of third sector representatives in these structures. The principles, which are due to be published shortly, are designed to aid discussion within LSPs and between partners, to ensure appropriate engagement at this strategic level.

7.5 Community Empowerment White Paper

This most recent White Paper from CLG brings together a wide range of policies and initiative designed to: enhance community empowerment in its broadest sense; re-engage individual citizens with the decision making processes of the local state; and enhance participation in the democratic process. Proposals in this White Paper include:

- extension of the 'duty to involve' beyond local authorities to other public sector agencies;
- an Empowerment Fund of £7.5m for national organisations supporting practical local action in areas such as community leadership programmes, involvement in planning and social enterprise³⁸;
- creation of Take Part Pathfinders, offering information and training on how to become an active citizens;
- guidance on the Councillors Call for Action;
- guidance on community development and work with the Academy of Sustainable Communities to provide community development training to public sector officers;
- creation of a £70m Communitybuilders fund to invest in community-led organisations (previously Community Anchor Organisations – see below);
- piloting of a 'community allowance' enabling people to receive money for work that strengthens their community without it affecting their benefit;
- £2m to create opportunities for disabled people to become volunteers and volunteer managers;
- a National Strategy for Participatory Budgeting to spread best practice (eg. ward level decision making over the spending of resources) across local authorities;
- a programme of empowerment for young people including Young Advisors, shadowing and local internships and a Young Muslim's Advisory Group;
- proposals to pilot the expansion of the Links remit beyond health and social care;
- enhancement to overview and scrutiny processes;
- creation of an Asset Transfer Unit to promote and provide information and support for those taking forward asset transfer (see Community Management and Ownership of Assets below);
- consultation on how Community Land Trusts can be more effectively used; and
- creation of a Social Enterprise Unit within CLG to champion the knowledge and expertise of social enterprise.

7.6 Community Management and Ownership of Assets

This Quirk review³⁹ into community management and ownership of assets recognised the tremendous advantages that can be realised by community organisations taking on these management and ownership roles. The management and transfer of assets to local communities can have significant benefits in terms of community well-being, cohesion and capacity for self-help as well as presenting opportunities for generating wealth through job creation and the use of facilities. There are many examples where such benefits are being realised. The Quirk review looked at the barriers which may be standing in the way of more communities managing and owning assets.

The review concluded that the benefits of community management and ownership of public assets can outweigh the risks and that these risks can be minimised and managed where there is the political will, managerial imagination and a sufficiently business focused approach on the part of the public and community sectors. The review recommends a range of guidance, support and promotion in relation to community management and ownership of assets. Government agreed to implement the recommendations of this review in full.

Building on an initial Community Asset Fund a demonstration programme began with 20 authorities looking to transfer ownership or management of an asset to the community. The intention being to use the learning from the demonstration programme to inform guidance for other future projects. This demonstration programme has subsequently been extended to bring a further 60 projects on board over the next two years. A risk management guide⁴⁰, developed to help those taking forward asset transfer, was published alongside the Community Empowerment White Paper, which also announced the creation of an Asset Transfer Unit to promote and support further activity in this area.

7.7 Communitybuilders investment in community-led organisations

Picking up the proposals of the 2003 community capacity building review, the Community Empowerment White Paper commits to £70m of investment in community-led organisations (previously referred to as Community Anchor Organisations). OTS will contribute an additional £11m to this Communitybuilders fund which will be administered by a national fund manager. Full details of this programme are yet to be published. However, the kind of organisations Government is keen to nurture are ones that are community based and community led, able to enhance the capacity for community self help; and drive social change through provision of a range of activities, services, support and facilities. The Communitybuilders investment is intended to promote economically-viable, socially enterprising organisations that are not dependent on future grant funding. More detail on this initiative is due to be issued by Government shortly.

8 The way ahead

Having started with a heavy focus on the third sector's role in public service delivery, this summary of government policy relating to the third sector over the last decade now has a much wider focus. The myriad of central government initiatives currently intended to enhance local practice in areas where the third sector has a significant role to play, has created a degree of complexity likely to overwhelm even the most diligent and committed of local partners. Whether from the public sector or the voluntary and community sector, those wanting to make a real difference to the quality of life of local individuals and communities are faced with a very real challenge. The challenge is to join up the many pieces of this jigsaw to create a coherent and workable vision. A vision where VCS is recognised for its many strengths, is engaged in strategic decision making and is resourced in ways that are appropriate to its varied roles within communities and in relation to the delivery of services.

The following are all essential if public and third sector partners are achieve their shared objectives and move forward effectively together:

- robust and inclusive partnerships;
- intelligent and well informed approaches to commissioning;
- appropriately tailored and non-discriminatory procurement practices;
- a mixed funding environment; and
- a commitment to community development and the co-production of services.

There is much in the national policies and initiatives outlined in this document that can inform, support and promote these things. This is where a knowledge of those policies, their origins and the agencies responsible for taking them forward is of value. However, the shift in the balance of the relationship between central and local government since the 2006 Local Government White Paper, means that local authorities now have much more responsibility for leading on this and the wider local agenda. As the examples in Part Two of this document show there is a wealth of excellent practice out there. Not just in commissioning but in other fields too.

Having relied strongly, in the last decade, on national voluntary and community bodies lobbying central government for change, we are now in a period where much more will depend on local government and local partners working together to tailor local solutions. If we want empowered communities and to create a sustainable and thriving third sector, for all the added value, social capital and economic activity it can bring to an area, then to a large extent it is through constructive local relationships like those being developed by Bolton's Future Role Project that this will be achieved.

PART TWO

Appendix 1: Insight into approaches being taken elsewhere

This section provides a number of examples of activities going on in other local authority areas. These examples include a mixture of those identified by partners involved in the Bolton Future Role Project and identified via internet research. Each example is based on information available at the of writing (June 2008), wherever possible based on conversations with those directly involved in these local initiatives.

1. Greater Manchester's Metropolitan Districts (updated June 2008)

There are varying degrees of VCS engagement in strategic partnerships and in influencing future public service delivery across Greater Manchester's metropolitan districts. Common issues arise in relation to the sector's capacity to engage effectively in these structures and the extent to which they have been able to have influence. Quite a lot of work has been taking place in relation to health, including in Salford, where the PCT has funded the CVS to work with VCOs to get them 'procurement ready'. GMCVO has also had funding from a number of PCTs to do some work with the sector in this area.

Local authority leadership on third sector issues varies widely. Councils in Manchester and Stockport have community engagement champions or VCS leads in most, if not all, departments. In other authorities the location of the VCS lead varies between central departments (ie. Chief Executive's/Policy) and other Directorates, with no clear lead in some areas. The financial relationship between the VCS and the local authority in most cases combines both grants and contracts. The sector has had a role in scrutiny processes and service reviews in some areas. In Bolton and Trafford in particular the increased dialogue between sectors has started to set the tone for a more robust relationship in future.

The North West Development Agency has recently put some money into the development of social enterprise in relation to public procurement. A programme of training is being delivered by Together Works, primarily in Manchester, Salford and Trafford so far with the aim of reaching all ten authority areas over the coming year.

2. Dorset (updated June 2008)

VCS Strategy and Action Plan

In 2005 Dorset embarked on a five year strategy and action plan for its relationship with the voluntary sector. The strategy recognises the sector as a key partner in delivering the Council's corporate aims of: promoting active and inclusive communities; supporting learning and achievement; improving health, community safety and well-being; strengthening the local economy; and safeguarding the unique environment. The action plan was most recently updated in 2007.

Key points in Dorset's Action Plan include:

- A focused campaign of awareness raising in the council – Directorate third sector champions now meet regularly.

- Establishing an up-to date database of voluntary organisations – The LSP provided funds in 2006 for full mapping of the local sector. Information collected through this audit will be used to populate Dorset Community Gateway, an information portal using **Uniservity** software, which will be maintained by Dorset Community Action.
- Working with existing groups to develop a commissioning strategy - Dorset has developed a **third sector commissioning and procurement framework** to sit alongside its Corporate Procurement Strategy. The framework builds on work of Tower Hamlets and others and takes an enabling approach to commissioning, including addressing gaps in management processes (eg. required policies) in advance of application deadlines. It has been agreed by the Corporate Procurement Board and will be adopted once signed off by third sector and Cabinet.
- Support for the Implementation of the **3D procurement project** funded by Invest to Save^{xv} - Dorset has had around £190K to support third sector engagement in contracting for delivery. The work of the project combines: awareness raising, capacity building and support for innovation; activities to enhance understanding of the requirements for successful tendering; and the encouragement of collaboration for the delivery of larger contracts. The project has also tried to enhance understanding of the sector within the local authority and encourage market development.
- Promoting the Compact within the County Council and encouraging the engagement of other statutory bodies in its development – awareness increasing.
- Reviewing the appropriate level of infrastructure funding – regular meetings of a Review Group are under way.
- Reviewing voluntary sector input into the LSP to ensure active engagement - The County Council has funded Dorset Community Action (the only CVS in the County) to run a **Voice project** which will get elected third sector representation onto every theme group and strategic level (delivery and board) of the LSP. This will bring together local groups in a variety of fora and provide a degree of infrastructure that Dorset has previously lacked.
- Reviewing grant making arrangements within the council – Post consultation with the sector and an interim report to audit and scrutiny, changes were implemented from April 2008.
- Encouraging and facilitating people to volunteer – An LAA action and reward target is being delivered by Volunteer Centre Dorchester.

Dorset has identified that it spent c. £25 million in the third sector in 06/07 (7.6% of the budget not delegated to schools). This is a rise from c. £14 million (or 4.3% of non-schools spend) in 04/05. These figures are approximate as they are currently compiled manually. A new integrated finance system, to be introduced in 2009, will help Dorset to monitor this spend automatically and provide more reliable data. It will also enable the interrogation of data by Directorate. This will enable the authority to evaluate progress and set internal targets in future.

Dorset has chosen to include NI 7 (creating an environment for a thriving third sector) in its LAA. Action plans and resource allocation will follow in due course.

3. Tower Hamlets (not updated since January 2007)

Third Sector Strategy

Tower Hamlets' Third Sector Strategy sets out how the council intends to work with the local third sector to: implement the Compact; deliver the community plan; design and deliver the LAA and develop a bigger role for the sector in delivering and shaping services. The

^{xv} Invest to Save funds projects which help to deliver public services in more joined up ways.

strategy, published in September 2005, included an action plan setting out steps toward implementation over an 18 month period. Features of the Tower Hamlets approach include:

- capacity building work with the sector to encourage a greater role in service delivery including: through commissioning, community development, provision of funding and assistance with access to external support;
- work with the sector to develop ways of better measuring its contribution and impact in achieving Tower Hamlets vision;
- encouraging business support agencies to offer effective assistance to social enterprise to develop their role in regeneration;
- developing opportunities for the third sector to be more involved in the meeting priority target set out in the LAA/LPSA;
- developing standards, which will become requirements, for organisations wishing to be partners with the council;
- work with organisations representing potentially marginalised communities to build more effective partnerships, clearer routes of consultation and to unlock skills by commissioning new and innovative approaches to delivery;
- promoting and supporting community anchor organisations, encouraging citizenship and community engagement through neighbourhood management work and work to increase engagement in local area partnerships.

Commissioning Code of Practice

The Code of Practice sets out Tower Hamlets' preferred method of partnership commissioning where there is joint ownership of the to be service delivered. The commissioning cycle is broken down into four phases: assessment; specification; tendering and post contract. The code applies to the commissioning of council services that have been identified through strategic option appraisal (as part of directorates' annual strategic and service planning process) as being potentially suitable for delivery by the third sector. It applies to services falling into Part B of the EU procurement regime – most significantly Education, Social Services, Leisure and related services.

The requirement for proportionality (of process to level of resource) means that the different phases of commissioning and the information required at each stage depending on the value of the commission. Thresholds for different approaches to the commissioning process are set at under £25k, £25-£100K and over £100k. The full process is estimated to take between 6-12 months.

Tower Hamlets has at least two large contracts with third sector organisations for community recycling (£6M) and leisure services (£17M). Community Recycling In high rise blocks in Tower Hamlets (83% of housing stock) is delivered by Tower Hamlets Community Recycling Consortium under a £1.5M contract. A third sector supplier was selected because, amongst other things, they could demonstrate the necessary degree connection with the community. THCRC employs 60% Bengali staff for a labour intensive service delivered to residents in a community which is 40% Bengali.

www.towerhamlets.gov.uk/data/your-council/data/strategy/data/third-sector.cfm

4. Birmingham (updated June 2008)

Third Sector Funding Strategy

The aims of this draft funding strategy are to:

- create a fairer, clearer funding framework;
- ensure funding for the third sector is focused on high quality outcomes for communities;
- ensure the funding recommendations in the Compact are mainstreamed by the council; and
- promote trust and confidence in the relationship between the council and the third sector.

The strategy takes a holistic view of the sector as enablers, providers, sources of expertise, advocates and partners. There is a clear link between the strategy and the council's desire to promote the sector's role in participative democracy and as a partner in the development of the city as a civic pioneer. The draft strategy is explicit that the council intends to continue using funding agreements (under its grant making powers) and not to issue contracts. Funding agreements are to be based on standard grant conditions with service level agreements as appropriate. SLAs will contain negotiated outputs to ensure the delivery of agreed outcomes.

www.birmingham.gov.uk/GenerateContent?CONTENT_ITEM_ID=78020&CONTENT_ITEM_TYPE=0&MENU_ID=127

Corporate Commissioning Framework

A Corporate Commissioning Framework has been developed which defines four stages of commissioning: planning; doing; reviewing; and analysing. Key elements of the commissioning framework will include:

- **Strategic leadership** – provided by the Cabinet lead on the third sector and a Corporate Third Sector Group including managers from each strategic directorate and representatives from the VCS.
- **Management of information** – a comprehensive grant management system and corporate funding database which logs all grant and funding allocations. A standard application form is being developed to ensure that proposals are in standard format.
- **Proportionate commissioning arrangements** – commissioning will be directorate lead and overseen by the Corporate Third Sector Group.
- **Small grants** – an on-going commitment to the provision of small grants under £5k to support new and innovative projects or one-off purchases.
- **Corporate Third Sector Unit** – to oversee the operation of the commissioning framework, spot-check compliance and maintain the corporate database.

<http://www.birmingham.gov.uk/thirdsectorprospectus.bcc>

Third Sector Assembly

A Third Sector Assembly has recently been launched in Birmingham. The Assembly is a long-term association of existing and future third sector networks. Brought together by the local CVS, the Assembly www.assembly3.org.uk is designed to improve communication across the sector and enhance its ability to influence and to improve relationships with the public sector.

The Assembly aims to:

- provide a forum to collectively challenge and champion solutions for the third sector;
- support third sector organisations to contribute to Birmingham's Sustainable Community strategy and the Local Area Agreement; and
- bring together networks in order to influence and work more effectively with the public sector and other relevant organisations and partnerships.

Birmingham has been recognised, through the Beacon scheme, Compact commendations and other award nominations as a leader in this field. NI7 on an 'environment for a thriving third sector' is included as a local indicator in Birmingham's LAA.

5. Essex (updated June 2008)

Single Funding Gateway and VCS Commissioning Strategy

A project team, made up of VCS and County Council commissioning directorate representatives, is working on development of a Single Funding Gateway which will streamline processes and systems for funding the VCS via grant aid and public service commissioning. An Essex Standardised Funding Model (ESFM) has been developed to improve funding application, administration, management, assessment, decision making and post application processes and make them more coherent.

This will eventually be linked to the council's BRAVO e-sourcing supplier portal. The aim is to use the portal to collect data which can be used for impact/outcomes monitoring and performance management. It will also help determine the County Council's spend under different categories. A VCS Commissioning Strategy will also be developed to set out the County Council's approach to: VCS procurement; capacity building; full cost recovery; joint directorate funding; rolling contracts; three years funding; monitoring and evaluating impact/outcomes; payments by results; funding for infrastructure agencies and claw back. This work is due to be complete in time for the next funding round 2009/10.

Compact Funding and Procurement Code

The Essex Compact, has been in place, without codes of practice or arrangements for monitoring, advocacy or mediation, for some time. A cross sector working group of VCS and statutory representatives has been working on updating it over the last two years. Work on a new Funding and Procurement Code of Practice, developed with the close involvement of the County Council's Procurement officers and input from its Legal Department and the PCTs, has recently been completed to clearly set out best practice.

LAA/VCS Engagement Project

The LAA/VCS Engagement Project has been run since October 2007 by a member of staff seconded from Essex County Council to the Rural Community Council. The intention of the project is to strengthen the input of the VCS to the Local Area Agreement. This has included getting as much VCS involved as possible in the development of the new LAA, which will have an impact further down the line in terms of commissioning. VCS views have influenced the selection of indicators and the development of action plans. This has resulted in: an increased emphasis on mental health as a priority (insufficiently addressed in the previous LAA); the inclusion of both third sector indicators (NI 6 and NI 7 on participation in regular volunteering and creating an environment for a thriving third sector respectively) and a local indicator on access to services.

A six-month report for this project identifies priorities for further work including: addressing skills and understanding in the VCS with regard to bidding in a procurement processes; mastering monitoring and measurement; and understanding and stating outcomes rather than outputs. On the statutory sector side it identifies issues such as: understanding of the VCS; proportionality in bidding and monitoring processes; and the need to align funded activity to LAA indicators.

6. Leicester (Updated June 2008)

Commissioning Strategy

Initially developed by the Children and Young People Joint Commissioning Board, Leicester now has an overarching commissioning strategy to be used across all four theme blocks within the LSP/LAA. The commissioning strategy is not designed specifically for the third sector. Rather, it is intended to open up the process to everyone irrespective of sector by improving the evidence base and undertaking option appraisal before commissioning. In tandem with this, the local authority has also funded the local CVS, Voluntary Action Leicester to run workshops and events to support the third sector to respond effectively to commissioning.

Leicester's Local Compact has recently been updated to include funding and procurement. Amongst other things the updated documents sets out public sector commitments to reduce bureaucracy, join up approaches to funding, cover full costs in service delivery contracts, utilise grants and other modes of funding where appropriate, enhance funding stability within the sector and make timely payments of funding in advance of delivery.

7. Sheffield (updated June 2008)

Procurement Support Project

This joint project between Voluntary Action Sheffield and Sheffield Community Enterprise Development Unit (SCEDU) is funded through ChangeUp and investment from the Regional Development Agency to March 2009. It works with commissioners to improve VCS access to the procurement process, encouraging the simplification of documents and processes, identifying and removing barriers to VCS delivery. The project includes:

- **Capacity building work** with the sector to enable the VCS to engage in procurement processes and win tenders. This has resulted in four service specific consortia of organisations coming together so far (a Well Being Consortium, a Children and Young People's Consortium, a Legal Services and Advice Consortium and a Creative Consortium). All at different stages of development, these consortia have enabled groups of organisations to work together to scale up for service delivery and are being successful in winning tenders.
- Development of a toolkit designed to help other infrastructure organisations wanting to support third sector organisations in the **development of consortia** as a way to develop and maintain local sector capacity.
- A **Tender Readiness Toolkit** which examines intent, motivation and readiness to enter the procurement agenda (produced by SCEDU).
- A **procurement mentoring scheme** for VCOs going through competitive tender process. Mentors are currently employed public sector Procurement Officers from across South Yorkshire. The mentoring work both helps voluntary organisations to get through PQQ and tendering processes and helps procurement professionals to see the procurement process, and potential hurdles within it, through the eyes of the third sector.
- Development of a broad **Commissioning Framework** for the local authority which includes details on commissioning from the third sector. The framework is made up of a family of documents which clearly lays out the local authorities commissioning policy more generally and gives clear guidance on what can be done eg. with regard to third sector involvement in service design.

www.sheffield.gov.uk/business-economy/contracts/policies/policies

8. Camden (updated June 2008)

Developing a sustainable commissioning model

The local authority in Camden has been working the New Economics Foundation (NEF) to develop an outcome based sustainable commissioning model. This work has been funded by central government through the Invest to Save programme which aims to improve the way public services are commissioned and procured. The sustainable commissioning model is designed to commission for social, economic and environmental outcomes. Last year Camden used this model to re-commissioning adult mental health day services. This resulted in a consortium of three local voluntary organisations (Mind in Camden, Holy Cross Trust and Camden Volunteer Bureau) winning the tender to deliver a £2m service over three years (with potential 2 year extension) which is now being run out of three of the four prior day service premises.

Following a Best Value Review of day centre services, Camden had identified that, between the four existing centres in the borough, the needs of some groups of users or potential users in the community were not being met. This, and advancements in thinking regarding approaches to mental health support and recovery, suggested that a significant change would need to take place when prior service contracts came to an end. The tendering process put in place by Camden specified that the borough was seeking a co-production approach to delivery (ie. one where service users were engaged in the design and delivery of the service). It is very much the intention of the sustainable commissioning model to: promote co-production; leverage existing social assets and networks; improve public service outcomes for service users; and ensure that those outcomes are enduring and embedded in local communities. The successful bid in this case built on, and was able to respond well to specific questions included in the selection process on, user involvement. In general it was felt that the new commissioning approach had greatly improved the quality of bids for delivery.

Work with commissioners to develop service tenders for other pilot services in the borough continues. This example is featured in a useful Finance Hub briefing⁴¹ which also includes other examples and an excellent resource guide for anyone wanting to explore how outcomes and impact can be measured and utilised in service development, delivery and commissioning.

9. Portsmouth (updated June 2008)

Community Involvement, Empowerment & Development Team

This team is working toward development of a Third Sector Commissioning Framework and is getting involved in the National Programme for Third Sector Commissioning being run by IDeA (based on the eight key principles for third sector commissioning). Portsmouth has also been working as part of the Portsmouth Third Sector Development Consortium - a cross-sector consortium led by the third sector to bring together work under ChangeUp (for infrastructure development) and the Local Area Pathfinders work (undertaken with the local authority as part of the Treasury pathfinder programme in 2005). The consortium has developed a business plan and ten year strategy for the sector. This work links into the LSP via a Community Involvement Partnership Board (one of 7 partnerships linked to the LSP).

Portsmouth is also involved in CLG's asset transfer demonstration programme and is taking forward a policy for the transfer of assets to the third sector that will sit within the City Council's overarching asset management strategy. This will also deliver a feasibility study and option appraisal for the creation of a third sector Centre of Excellence. If feasible, this

Centre will bring a number of key agencies, currently operating from poorly maintained council properties, together into a refurbished building under one roof.

www.portsmouth.gov.uk/media/dutytoinvolve-website.pdf
www.portsmouth.gov.uk/media/Community_involvement_directory.pdf

E-business builder (www.ebusinessbuilder.org.uk)

This web portal, developed by Portsmouth Council, enables large and small companies and social enterprises to identify each other and potentially work together. It presents an opportunity for small suppliers to access sub-contracting opportunities and larger suppliers to identify potential partners. (www.supply2.gov.uk also provides information on lower-value contract opportunities).

10. Wakefield (updated June 2008)

Wakefield Council has a post within its Family Services contract section dedicated to capacity building and fostering links between the VCS and local authority. The aim of this role is to help level the playing field for the third sector in relation to public and private providers; in particular targeting some of the smaller organisation that might otherwise be overlooked. The work undertaken within this role includes:

- Three networking events per year for Family Services staff to meet with VCOs and find out about the services they provide. These events are held over a half day and in different locations (ie. not just city centre) to allow local authority service managers and social workers to drop in and find out more.
- Annual information events to inform the sector and keep it up to date on tendering processes and information about the contracts section within Family Services. This also provides an opportunity to update on relevant national policy developments.
- A focus group consisting of 6 VCOs from across different service areas looked at the barriers to successful commissioning identified in the Department of Health, Third Sector Commissioning Task Force Report July 2006. This resulted in the following 5 areas being identified for further work: service modelling and needs analysis; funding structure; marketing of and by the third sector; flexibility in tendering and quality assurance; collaboration.
- An event to be held in September looking at the pros and cons of collaboration (one of the key areas identified above). NCVO's Collaborative Working Unit will provide an information/morning workshop.

Wakefield has also nominated participants to take part in the National Programme for Third Sector Commissioners which is based on the 8 principles of good commissioning practice identified by OTS. Feedback from this training so far on this has been good.

11. Herefordshire - The Alliance (updated June 2008)

acqUA an Acquiring Accreditation kite-mark

Developed by The Alliance (a third sector organisation) in Herefordshire, this kite-mark is designed to meet the needs of VCS providers and public sector commissioners of public services. The standard incorporates the principal quality assurance systems in use in the sector (eg. PQASSO and Investors in People) and is compatible with the requirements of the key regulatory and inspection regimes that providers must meet (including the Charity Commission, CSCI, Supporting People and emerging frameworks for children's services). Assessment for the kite-mark is carried out by a network of trained assessors who work on a self-employed basis for The Alliance. Organisations meeting the necessary standard are

included in a Register of Approved Providers which is owned and administered by The Alliance. There are currently 37 approved providers (ranging from a single person organisation with an income of £10/12,000 to large national providers) and another 10 exempt due to other forms of accreditation. The kite-mark has proved popular with commissioners and has received a positive evaluation. Discussions are currently on-going about how the kite-mark might be developed and possibly marketed elsewhere in future.

12. Croydon (not updated since January 2007)

Capacity Checker and Capacity Building Toolkits

Developed by Croydon Voluntary Action, in conjunction with other CVSs on the South London Partnership, these tools are being used by VCS and the local authority staff to assess organisations' 'fitness for purpose' in relation to service delivery. Associated capacity building support work carried out by Croydon Voluntary Action and Croydon BME Forum is helping organisations to address areas for improvement in order to deliver more and better services and access more resources for them. The Capacity Building Toolkit, which helps commissioning agencies identify organisations they might want to commission from, has been supported by the LSP.

VCS Commissioning Framework

Croydon Council has brought together commissioners from across departments and from the PCT into a Commissioning Framework Group. This group has contributed to the development of a VCS Commissioning Framework setting out good practice in commissioning based on available guidance and the best of existing local practice. The intention of the framework is to improve commissioning practice in general, encourage more consistent practice and raise awareness of some of the specific issues in commissioning from the VCS.

www.croydon.gov.uk/content/departments/570770/570877/1Croydon_VCS_Commissioning_1.doc

13. Merton (added June 2008)

Third Sector Strategy

The London Borough of Merton has recently published a Third Sector Strategy which sets out aims to: develop a commissioning framework; build on the Compact; and put a process in place to ensure delivery on these aims.

Commissioning Framework

The commissioning approach being taken in Merton is one that encompasses small grants, development grants, strategic grants and procurement. There will be a commissioning framework which will offer more of a step-by-step guide the commissioning process and assist commissioners in making the decision as to which route is most appropriate for the outcomes they are aiming to achieve. The framework will:

- bring greater coherence and clarity to commissioning the third sector;
- ensure a fair and equitable process that reflects competing priorities; and
- reduce the burden of commissioning on both commissioners and third sector organisations.

Further work will be done to develop common application procedures for grant funding, common monitoring tools, and to pursue a lead funder monitoring arrangements across public sector agencies. The council's procurement manual and strategy, which governs all procurement procedures, will also be updated to include appropriate reference to voluntary and community organisations/the third sector.

Involvement/Building on the Compact

Merton is also working to build on its Compact (which has won multiple commendations) to:

- enable the third sector organisations to be heard in shaping and influencing policy;
- facilitate third sector organisations' contribution to building stronger communities;
- develop better understanding between the Council and the third sector; and
- support councillors in their understanding of, and their work with, the third sector to ensure they can fulfil their role as community leaders.

There will be a strong link to the third sector in the overarching Involvement Strategy, which is being developed by Merton in relation to the new 'duty to involve'. This will be in addition to existing mechanisms for representation and engagement on the LSP, which are set out in the Merton Partnership's Governance Handbook. Alongside other mechanisms, the scrutiny function will also be promoted to third sector organisations as a means to directly influence and shape council policy.

Strategic leadership

A Strategic Third Sector Co-ordinator's post is being developed in the Chief Executive's department. This post will oversee the implementation of the strategy by:

- developing and maintain a strategic overview of the third sector; and
- promoting and embedding the strategy in the practices of all funding bodies in the LSP.

This will include working with staff responsible for commissioning, consultation, and scrutiny across different divisions. The post holder will also be responsible for leading on the Compact. And, will work to raise awareness of the third sector, its role and its importance in Merton, including building this into future Corporate Induction for Council Officers. Merton also intends to end the historic process of nominating councillors onto trustee boards of third sector organisations; an acknowledgement of the sector's independence.

www.merton.gov.uk/lbm - draft third sector strategy-4.pdf

14. Derby (added June 2008)

Joint Commissioning Framework for the Third Sector

This document provides guidance for Derby City Council and Derby City Primary Care Trust to ensure effective VCS involvement in planning, commissioning and delivery of Health and Social Care services. The document has been developed and consulted on over the last year. The framework sets out the context for joint commissioning and makes a clear link to the local Compact Funding Code of Practice which sets out the principles underpinning effective funding relationships. The framework offers a model for Third Sector engagement in Strategic Planning Groups and addresses issues of conflict of interest which may arise in these processes. It also explores how commissioners can determine where grants or contracts are the most appropriate mechanism for funding. It sets out thresholds for the various funding and procurement processes within the Council and PCT and explores opportunities for joint grant funding and pooling of budgets where this is allowed under

legislation. Utilising these flexibilities has the potential to greatly reduce bureaucracy in some funding mechanisms. The framework also introduces reviewed monitoring and evaluation procedures including final year review processes where grant funding it for three years..

15. Sutton (added June 2008)

Draft Commissioning Framework: Commissioning from the Third Sector in Sutton

This document also builds on a local compact and aims to achieve a new level of transparency and consistency in funding relationships. Like other frameworks, it addresses both grants and contracts to be used as appropriate (based on various criteria) depending on the purpose of the funding. This includes strategic grants, development grants and small, time limited grants as well as procurement processes. Where strategic grants are used, the intention is for these to be accompanied by the nomination of a relationship manager from the local authority. The framework also commits Sutton to the development of a more comprehensive database of funded organisations. Transparency, consistency and proportionality are key intentions of the framework which also adopts the 8 principles of good commissioning promoted by the Office of the Third Sector and others. Consultation on the draft version of this commissioning framework has just come to an end.

www.sutton.gov.uk/NR/rdonlyres/EEFD9041-4A17-4DE9-9A55-75E4D24807D7/0/Commissioning_Framework.PDF

16. Bradford and Airedale PCT (added June 2008)

Voluntary and Community Sector Commissioning Framework

This framework is built on the local compact. Its aims are to: promote health and well being; develop services that are personal, sensitive and individual; and promote inclusion and tackle health equalities. It is also intended to promote a diverse supplier base. In line with this intention it takes a twin approach, using time limited grants (for small organisations, new initiatives and to encourage innovation) and contracts for medium term objectives (1-3 years). Partnership and collaboration between the PCT and supplier is seen as advantageous, especially where the services involved are of high risk or high value.

The framework addresses the principle of 'best value' in tender evaluation, making clear that 'added value' (eg. the targeting of services to disadvantaged and hard to reach communities where specific outcomes will help to reduce health inequalities) as well as price are to be considered to achieve the most economically advantageous solution. The framework, built on 8 locally tailored principles, promotes good practice within third sector governance, accountability and quality assurance. It also promotes both full cost recovery and longer term funding.

There is a strong history of collaboration between the 4 former PCTs (which now make up the Bradford and Airedale PCT) and the health and social care VCS in the area. This has been maintained with the use of the new framework for the last round of commissioning. Bids for service delivery were assessed by an expert panel of public health specialist and local VCS infrastructure representatives using a structured methodology and scoring mechanism to identify the services to be funded. Of the 137 bids received, 84 were selected and are now in negotiations over delivery contracts and milestones. Together these agreements total £4.6 million of resources to third sector organisations. A recent review of mental health services identified that around a third of the 84 commissioned organisations were contributing to mental health outcomes (eg. through preventative work, rehabilitation, resettlement, advice services etc) which will assist delivery of the local mental health plan.

Challenges for the future include:

- The need to make links across the public sector in relation to reducing health inequalities and pooling budgets for delivery (eg with children's and adult's Social Services).
- The need to link commissioning activity between all LSP partners and partnerships (eg. including links with Community Legal Services Partnership and those dealing with disability and domestic violence issues).
- Ensuring that VCS infrastructure is adequately supported and that the sector has some stability. The PCT and local authority have a history of joint funding for local infrastructure including for funding search activities and work on organisational governance. However, the local authority's review of its work with the third sector is currently causing a degree of funding uncertainty.
- Practice based commissioning which will also require a shift in culture with regard to service specifications and the delivery of outcomes.

www.bradfordcvs.org.uk/BAtPCT_Framework.pdf

17. Newcastle under Lyme (added June 2008)

Third Sector Commissioning Framework

This framework has been out for consultation since March 2008. It is intended to take a flexible approach to commissioning and procurement which utilises grants and contracts as appropriate, taking account of the wider strategic objective of building social capital. Grants will continue to be used for: new and emerging areas of service; capacity building; and niche or specialist provision. Existing grant processes will be adapted to fit the new framework with regard to: openness and transparency; partnership and negotiation; performance management; and evaluation and feedback. The wider range of commissioning models includes:

- open competitive tendering - where providers bid against a fixed service specification;
- spot purchasing – where individual units of service are purchased eg. residential care;
- invitations to tender – where service providers respond to a service specification and only a small number are invited to submit full bids;
- approved provider lists – where potential providers go through an initial vetting process;
- partnership commissioning – where the public sector and VCS jointly develop the service;
- development commissioning – where there is an element of capacity building within the delivery organisation either directly or via the local CVS; and
- support for consortium building – provided by the local CVS to assist smaller organisations to engage in service delivery.

There is an explicit intention within this framework to enhance VCS delivery and to engage the VCS on all best value review boards to ensure that the potential for VCS delivery is properly considered. Like other similar frameworks this one builds on a local Compact and the commitments relating to funding and support within that. The framework also addresses: relationship and contract management; consultation, market management and advertising; risk management; TUPE legislation; assets; dispute resolution; and service reviews. It builds on the eight key principles of good commissioning identified by OTS and presents proportionality and partnership as key themes throughout.

www.newcastle-staffs.gov.uk/Documents/Regeneration%20and%20Planning/commissioning_framework/NuL_Commissioning_Framework.pdf

Appendix 2: Eight Principles of Good Commissioning Practice

- 1 Develop an understanding of the needs of users and communities by ensuring that, alongside other consultees, they engage with third sector organisations as advocates to access their specialist knowledge.
- 2 Consult potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service.
- 3 Put outcomes for users at the heart of the strategic planning process.
- 4 Map the fullest practicable range of providers with a view to understanding the contribution they could make to delivering those outcomes.
- 5 Consider investing in the capacity of the provider base, particularly those working with hard-to reach groups.
- 6 Ensure contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering subcontracting and consortia-building where appropriate.
- 7 Seek to ensure long-term contracts and risk sharing wherever appropriate as ways of achieving efficiency and effectiveness.
- 8 Seek feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

Appendix 3: Treasury Pathfinder Critical Success Factors¹⁶

The following were identified as critical success factors for local authorities seeking to build better public service partnerships with the VCS:

- A strategic commitment embedded in the Sustainable Community Strategy, Local Area Agreement, Third Sector Strategy, Corporate Procurement Strategy and commissioning plans, that is embraced by the statutory partners in the Local Strategic Partnership;
- Senior member and official level accountability for the delivery of these strategic commitments. Typically in the pathfinder councils, a senior council member and board level director, from a service directorate where the sector plays an important role like adult social care or children and young people's service, would champion the third sector's interests;
- Organisational structures, training and resources that ensure a corporate approach to relationships with the third sector and ensure that commissioners and procurement officers are aware of the potential of the third sector, especially social enterprises, and the Compact funding principles;
- Regular dialogue with the sector through Children's Trusts, other partnership structures and provider forums, and arrangements to ensure that opportunities for the third sector to be involved, and emerging markets, in public services are identified;
- Early involvement of the third sector in the decisions that are made about public services – to hear their views on needs, the design of services in meeting those needs, and to ensure that the procurement process fully reflects their expertise and close engagement with service users. This requires a regular and constructive dialogue that needed to be "hard-wired" into the working relationship;
- Market intelligence on both the potential of the third sector and the different ways in which it could contribute to improving public services as well as the capacity building needs. This includes supporting providers' ability to scale up in the specialist markets they already operate in as well as grow into mainstream markets where social enterprise and other third sector suppliers can compete and win public sector business;
- A commitment to improve commissioning and procurement practices including the development of corporate procurement strategies, corporate procurement boards, online standardised procurement procedures and documentation, corporate procurement teams that provide a challenge function and gateway reviews. Each of these measures offers opportunities to institutionalise the Compact funding principles;
- A commitment to building the capacity of the sector through grants linked to public sector demand for a service, and a commitment from the sector to build its capacity, for example through accreditation schemes, harness the support available national and regionally from capacity building agencies including Futurebuilders and ensure that the Change Up infrastructure development plan takes account of the local Community Plan;
- Management information systems that provide baseline information and trend analysis on the funding flows to the third sector and the use of impact measurement tools.

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