

## **Manchester – It's got a lot to answer for: The Lessons to be Learnt for the CVS Movement**

### **Introduction**

On April 1<sup>st</sup> 2005 it was announced by Manchester City Council that the contract for the provision of infrastructure support services, which had been put out for tender by the council, would be awarded to The Scarman Trust. The decision not to award this contract to a consortium of existing local support agencies has come as a shock to many people within the voluntary and community sectors in Manchester and throughout the UK. So, why did this happen and what are the lessons that the CVS movement can learn from Manchester to try and prevent this situation occurring in other parts of the country? Having experienced the Manchester situation and having lived through the worst possible nightmare for a CVS of losing your core funding I can tell you that, whilst there may have been some unique circumstances in Manchester, there are parallels across the country.

I believe that we are all horribly vulnerable to the kind of speculative bid from a national organisation that undercut and undermined the Manchester Consortium bid. There are undoubtedly reasonable savings in all areas that a well-resourced national organisation could absorb if they were to submit a tender anywhere in the country. It seems to me that it doesn't really matter how good a relationship that you may have with your local authority, all officers and members can be seduced by the thought of saving money on VCS provision and giving it to a favoured local project. We are also vulnerable because we are seen as a potential critic of the council on policy and finance issues. Our unique role of representing the local VCS to our local authorities inevitably means that certain key officers and councillors occasionally see us as a thorn in their side. It is easy to see why these people may think that it would be nice to have a more compliant organisation to deliver services and ignore our representational role.

### **The Beginners Guide to Keeping Your Core Funding**

#### *1. Do a good job*

This may sound a bit basic but it is crucial that you not only deliver efficient and effective core services but that you make sure that councillors are told what a good job you are doing. You may need to bypass officers and give your good news stories straight to councillors. In Manchester we spent too little time talking to councillors and finding out their views of our services. I am not saying that we didn't work with some very good local councillors but I think that it is clear that we didn't do enough of it and we allowed a negative impression to be built up about us in some key councillors minds.

#### *2. Maintain good relationships with councillors and council officers*

Notwithstanding the fact that our representational role makes this difficult at times, it is crucial that every effort is made to keep good relations with key people. In Manchester there have been difficulties with key staff in the Voluntary Sector Policy and Grants Unit for a number of years. Both of my predecessors over a period of 12 years had very tough relationships with these people. I tried to rebuild some of those bridges in the past 2 years but grew continually frustrated by the lack of progress on their part. It is absolutely key to maintain a good relationship with the important Executive Members of the Council. At the end of the day, they usually drive policy forward and if they are supporters of the local CVS then it is unlikely that they will be looking to undermine you.

### *3. Work to prevent the Council from adopting an open tender process at all costs*

We may all like to think that we provide excellent services and that we have nothing to fear from this sort of process but that would be a huge gamble. You cannot be sure who will bid, you cannot be sure that the council will not be seduced by the prospect of saving money, and you cannot be sure that you will win.

In Manchester, the independent report recommended that a contract be awarded to a consortium of key existing local support agencies. We were as shocked as anyone was when the council announced that, because the cost of the contract was over a certain amount, they would have to undertake an open tender process. This decision was made without consultation with the sector, the agencies involved or, probably, without taking into account the possible consequences for the local VCS. If we had tried to overturn the decision to go for an open tender process at the beginning we would have had a far greater chance of persuading them to change their minds rather than at the end of the process when it just looked like we were against the process because we did not win it.

### *4. If the council are determined to conduct an open tender process then you must:*

- Be actively involved in drawing up the service specification. Ensure that the council are fully aware of the services that the VCS need and the demand for these services
- Try to involve service users at all stages including the drawing up of service specifications, the writing of your bid, writing letters of support for your bid and, if possible, encourage the council to involve service users in the decision panel.
- Insist upon an agreed timetable for the process and the decision. Delays in the process sap staff morale and lead to unnecessary speculation. We allowed the Council to get away with delays and prevarication when if we had adopted a more determined approach we may have forced the council to act more quickly. This would have given them less time to prepare for the fallout from the final decision.
- Do not trust anyone at the council at this key time. This is a commercial undertaking and they cannot predict the outcome. In Manchester we actually believed them when they said that we had nothing to fear from the process and that they were not looking to catch us out and that they would help us every step of the way.
- Keep the VCS informed of all developments. They must be made aware of the possible implications of this process and that it is a serious threat to your continued existence. In Manchester, the process just tootled along and everyone expected VAM and our partners to be awarded the contract. We should have been informing them of the problems and encouraging them to lobby their councillors at this point rather than after the contract had been awarded.

### *5. When writing your bid it is important to be aware that this can be a cut-throat process.*

If you have serious rivals then they will seek to undermine you and find out as much about you and your relationships with the council as possible. They will know what your weaknesses are and, most importantly, they will be able to start with a blank sheet of paper and not have to worry about maintaining existing methods of service delivery, partnerships, staffing levels, buildings or support systems. Whilst you would hope that your skills, experience and local knowledge will count for much it is clear that this counted for very little in the Manchester case. The council have, in hindsight, told us that they were looking for a bid to be innovative and were not concerned about

carrying on with tried and tested methods of delivery. Obviously, it would have been nice if they had told us this **during** the process.

We strongly believed that potential problems over TUPE regulations would mitigate against the blank sheet approach. However, despite the council stating that it would be between current and new providers to sort out this issue in the event of the service provider being changed we have not been able to resolve this issue. In hindsight, we should have insisted that the possible TUPE issues were outlined in the tender specification so as potential bidders may have been more wary of the financial implications.

#### *6. Choose your partners carefully.*

You need to know exactly what it is that your partners bring to the bid and to ensure that they are fully committed to the bid. In Manchester, the three key partners (VAM, CAS and CTAC) were always 100% committed to our joint bid but we did waste too much time in trying to bring another key agency on board who, in the end, turned down the opportunity due to the financial implications.

We also tried to be open and honest with the other key LIOs in Manchester who supported our bid but were not formal partners in the tender. It may be that we were too open and that some sensitive information got into the wrong hands. I now have my doubts about our policy of openness and about the commitment of key associates.

I wouldn't be too concerned about building a big tent approach to any bid. It is important to have the general support of the local VCS and to get key partners involved but you have to be aware that you cannot please everybody and you risk diluting your bid if more organisations become involved.

#### *7. Be aware of what the council wants and don't be afraid to be radical*

If we had had better relations with the council it may have been easier to second-guess what they were looking for. We decided upon submitting a bid based on the evidence from the Cordis Bright report. It seemed to us that the council had broadly supported this report and were looking to us to address the concerns outlined in the report about service provision in our bid. As it turned out they were looking for something completely different and we were caught out not looking radical enough.

In some senses we were hampered in putting together a winning bid by our partners. It is clear in hindsight, but not in the tender document, that the council were looking for more CVS-type services and less accountancy and architectural services than they had previously been paying for. I think that we were aware of this and sought to address it in the bid by increasing the availability of funding advice and organisational support services whilst decreasing existing financial management services and project development support. We were concerned that the council was not aware of the importance of some of the services that we delivered and that they did not see the linkages between our various services. The changes that we put forward were not radical enough and it is very difficult to see how we could have produced greater change and still kept our partners fully committed to the bid. It would not have been easy, for example, to sell to the Director of CAS a bid that would have led to a 50% reduction in their income.

#### *8. Prepare for the eventuality of losing*

You need to retain a sense of perspective. Whilst our core CVS services are, for many of us, our raison d'être, they are not necessarily the only thing that we do. It is important that during what can

be a long drawn out process you do not ignore what is going on in the rest of your organisation, the general feelings of staff and the implications for the wider organisation in not winning the contract.

It is also important to be aware of the processes involved in mounting a challenge to the decision. Familiarise yourself with council procedure so that you are ready to act when the time comes. It may be the case that you do not get much time to challenge the decision and you have to be ready with your case to the sector and to councillors. You should develop a strategy for your challenge and identify key lobbying targets. It is important to keep records of all meetings about the tender or your work with council officers or councillors so that the things that they cannot argue that they have not said what you know them to have said. It is also important that you make sure that councillors take the responsibility for their actions and account for them to the sector.

## **Conclusion**

Competitive tendering is probably here to stay. Many councils will be viewing the Manchester experiment with interest to see if it works and if there are savings that can be made through the process and by working with national organisations that could then be transferred to their own areas. The process of competitive tendering provides a serious challenge to the CVS movement and one that we cannot ignore. It is crucial that local government is made aware of the importance of local accountability for service providers and of the importance of local knowledge to the delivery of our services.

There are lessons that can be learnt from the Manchester situation and there were undoubtedly errors that we made during the past two years that this has been hanging over us. In my view, NACVS should be setting up a support service for members facing this sort of challenge and we need to pool our resources to ensure that local CVSs are not left isolated if they are facing similar circumstances.

Finally, it is clear that the Scarman Trust will not be the only national organisation who covet our funding and are prepared to bid against us to deliver our services. We must be determined in challenging those who wish to take our funding away from us and be strong in promoting the CVS movement. If we allow the sort of thing that happened in Manchester to occur elsewhere all we will be doing is playing into the hands of local government. Council Leaders will be able to laugh whilst we waste energy undercutting each other and then ensure that any savings are used wherever they want and the final result is that overall funding to the sector is reduced.

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**July 2005**