

Commissioning and Procurement: Fit for Purpose?

**A conference for infrastructure organisations
working in East London**

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The East London CVS Network covers the geographical sub-region of the London boroughs of Barking & Dagenham, Bexley, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge, and Tower Hamlets. Its activities are governed by the Directors of the local Councils for Voluntary Service (CVS) and it is supported by two Sub-Regional Coordinators, and an Administrator.

Part 1 – Conference Report

1. Introduction

Increasingly the state is withdrawing from the direct delivery of many welfare functions it has previously undertaken. The Government is encouraging the greater use of voluntary and community sector organisations in the delivery of public services.

This report is designed to give an overview of some of the issues around the commissioning and procurement agenda and the implications ~ both real and perceived ~ to the voluntary and community sector in East London.

The East London CVS Network (ELN) hosted the conference “Commissioning and Procurement: fit for Purpose?” on 24th May 2006. This conference was aimed specifically at infrastructure organisations, although commissioners were also invited to attend. The aim was to provide a forum where infrastructure organisations could address the following issues:

- Are you fit for purpose in terms of tendering for services yourself?
- Are you fit for purpose in terms of supporting front-line voluntary and community organisations in East London?
- How do we stimulate local markets within the voluntary and community sector?

Throughout the day, participants were encouraged to consider their development and resource needs.

Over 60 people attended the conference ~ a good mix of infrastructure organisations, as well as PCT and local authority commissioners.

2. Feedback from the ELN conference

The ELN conference provided a forum to debate the opportunities, challenges and concerns of engaging with this agenda. Are public sector contracts an innovating approach to sustainable funding or could they undermine much of the work currently undertaken by the VCS?

Financial Security

Champions of commissioning argue that as contracts/service level agreements [SLA's] are in effect for 2-3 years VCO's have a relatively secure source of income in a funding environment that often forces them to rely on a range of short-term project funds. However, there are still examples of local authorities contracting services on a one-yearly basis¹.

“If open tendering is to have any effect, the ability to contract for more than one year at a time has to be key. If stability of service provision and the proper management and administration of public funding is to be achieved then the length of contracts has to move out of the one year contractual culture within public bodies and into longer-term commitments.”²

An example from one participant was that while they had a contract with the local authority, it hadn't been signed, even though the payments were coming through and they were delivering the service.

In addition, a delegate reported that their voluntary organisation had a two-year Service Level Agreement with their local Social Services Department to deliver a service. At the

¹ London Borough Havering

² Competitive Tendering: a voluntary and community perspective, 2amase on behalf of HAVCO May 2005

end of the first year they were told that there were not sufficient funds to continue the service, leaving the VCO with the task of making a member of staff redundant. The VCO concerned does not want to take legal action for fear of disrupting an otherwise good working relationship.

A member of the statutory sector mentioned a service which was to be contracted out. The costings for the delivery of the service had been calculated two years previous. Since then additional requirements for staff qualifications had been introduced by government, making the service significantly more expensive to deliver. However, the contract had been tendered without this being taken into account, ensuring that any VCO [or, indeed, any other provider] would be out of pocket if they were to deliver this service.

Contracts could enable VCOs to generate a surplus which can be used to fund other activities and/or contribute to the development of reserves. However, there appears to be confusion amongst some VCOs who have not tendered for contracts before as to what can and cannot be included in costings. This is exacerbated by terminology. For example: there have been reports of partnership costs being rejected by a commissioner when they were identified as such, but accepted if they were 'hidden' as contributing to the unit cost. As a participant at the ELN conference quoted "We need to learn the rules ~ and be clear what game we are being asked to play". There have also been reports of difficulties in having core/management costs included as a necessary part of the contract negotiation with the result that voluntary organisations are in effect subsidising a statutory service.

Another concern is that most payments are received towards the end of the contract, resulting in voluntary organisations carrying the risks associated with delivering services [e.g.: employing staff]. This discourages many smaller organisations from tendering, despite the Cross Cutting Review on Service Delivery³ stating that there is no reason why funders should not pay upfront. It also states that potential contractors should ensure that all contract costs necessary for service delivery are included.

The Association of Chief Executive Officers [ACEVO], New Philanthropy Capital [NPC] and accountant KPMG have produced a toolkit for voluntary and community organisations on Full-Cost Recovery, assisting VCOs to calculate and understand the appropriate proportion of overhead costs that need to be associated with each activity. ACEVO is currently rolling out a training programme aimed at both infrastructure and front-line organisations.

Significant burden can be caused by complex and bureaucratic monitoring, recording and accounting procedures and anomalies in the implementation of these. As with other complex funding arrangements, administrative and technical support needs to be included in costings.

Some participants reported cases where they were delivering a number of contracts for the same local authority but that each needed to be managed, monitored and evaluated differently according to the department. Obviously this will have implications on administrative and management costs.

Contract funding allows voluntary organisations to lever in other sources of financial support from other agencies and contributes to longer-term sustainability.

³ Cross Cutting Review 2005

Development of Relationships

Contract funding also enables VCOs to establish close working relationships with local statutory funders and services. This often ensues in longer term benefits for both parties and can be used as the springboard for further funding and service delivery development. A contract has the potential of increasing the possibility of a voluntary sector provider being regarded as an equal partner in the relationship.

The dependence on personal relationships and networking, in identifying, accessing and negotiating contracts means that when key personnel leave an organisation, or change job-role, then relationships between organisations suffer disproportionately. It also means that those organisations that do not have personal relationships are disadvantaged.

Alongside this is the changing nature of relationships. For example, Primary Care Trusts have recently been merged into larger units, thereby affecting job roles and consequently long established relationships.

There is still much work to be done on developing relationships between VCOs and the commissioning officers within statutory agencies. There is still mistrust on both sides:

- some within the VCS, having experienced local authority officers who do not understand the breadth and diversity of the sector and/or officers who do not know how to negotiate a contract or SLA
- some commissioners, who feel that the VCS is still not providing a professional service.

The ELN conference provided a welcome opportunity for infrastructure organisations and commissioners to meet ~ in some cases for the first time. A consistent message heard was that the VCOs were often unsure who the commissioning officer was within the PCT or local authority and that they were often unable to find that information. This was certainly echoed by the ELN teams experience when attempting to contact commissioning officers as part of the pre-conference information gathering.

Loss of Independence

A recurring concern is that VCOs will become “merely service-providers of a kind defined in advance by the statutory purchaser ... there will be no room for advocacy, campaigning, or innovative work because no one will give contracts to pursue these”.⁴

While local authority and PCT contracts should be based on local needs, often they are responding to national directives. The public sector is still seen as large bureaucracies which respond slowly to change: “if we are focussed solely on chasing contracts, then who responds to local needs as they develop?” [conference participant].

Others have stated that they have experienced much greater levels of independence as a result of delivering public services: “As long as the targets are achieved the purchasers are happy”⁵, allowing for flexibility in service delivery and for any surplus to be spent on other activities.

Mission Drift

It has been suggested that contracting for the delivery of public services can compromise the values of the voluntary sector and to the development/widening of a two-tier sector. Some funders are aware of the need to provide grant-aid to

⁴ Knight 1993 p45

⁵ Northern Ireland Council for Voluntary Action (NICVA) report p35

organisations in order that activities other than contracted services can be provided and innovation encouraged.

The last decade has seen VCOs playing an increasingly significant role in the provision of mainstream services in a 'mixed economy' of care, whilst striving to maintain their traditional roles of 'innovation' and campaigning for social change. The VCS is responding to the challenges of modernisation. It is often claimed that a distinguishing feature of VCOs is that they are value driven. A recent report by Community Links suggested that not enough attention is currently paid to values and that a combination of factors has led to "a blurring at the edges ...[as] ... social enterprises, community interest companies and even housing associations now join traditional registered charities in vigorous competition as they bid to deliver services".⁶

As stated in the East London Infrastructure Investment and Development Plan "the voluntary and community sector influences virtually all aspects of our society from social justice, human rights, environment, health and faith, to arts and culture, international development, sports and recreation"⁷ either through policy development or the provision of services. "Values are a golden thread which run through all this activity"⁸.

Participants at the ELN conference recognised the tension between the VCS needing to control its own destiny while at the same time engaging in the commissioning and procurement environment. Some expressed the view that "if we are going to play this game, then we need to play to win" while others were concerned that the VCS might become indistinguishable from the statutory of even private sector bodies.

Another concern was that delivering public services might cause problems in terms of how the public view the organisation, becoming in the public's mind just another arm of the state.

To aid trustees with this complicated new agenda, ELN is developing a toolkit which will:

- Ensure that organisations are aware of new policies and drivers in the delivery and management of public services and look at the opportunities and threats to VCOs
- Take trustees of voluntary organisations through key decisions, helping make a considered decision on whether to be part of the public service delivery environment, risk assessments and issues around autonomy and control
- Support trustees in getting fit for purpose around:
 - Governance requirements
 - Financial requirements
 - Service management requirements
 - Quality systems
 - Monitoring and Evaluation Requirements
- Culminate in an action plan for the organisation to work through in order to move positively and in a planned fashion towards procurement.

Please see the ELN website for more details [www.elcvsnetwork.org.uk].

⁶ Community Links Living Values p1

⁷ East London Infrastructure Investment and Development Plan p1

⁸ CommunityLinks Living Values p1

Variation of Practice

There is enormous variation in commissioning practice and procedure, between different statutory agencies [even between sub-sections of the same departments or agencies] and between different boroughs. This makes it more difficult for voluntary sector agencies such as ELN to provide blanket guidance on commissioning and procurement.

There were complaints about a lack of a clear rationale in deciding whether a service should be funded through a grant or contract/SLA mechanism and the lack of clarity about the difference between the two types.

Another difficulty is the variation in levels of formality in monitoring, recording and accounting for contract funds between different agencies and the burden often caused by bureaucratic procedures for sometimes very small sums of money. It was reported that one East London LSP insists that any contract over £10k must go out to tender.

Impact on Trustees

There is anecdotal evidence to suggest that the role of voluntary management committees has radically altered. However, there is no clear evidence to suggest whether this is as a direct result of VCOs delivering public services, or of the myriad of other changes impacting on the way the VCS is run, or merely organic change.

Skills

There is much talk of the need for VCOs to develop their workforce. According to the Voluntary Sector National Training Organisation “there is clear evidence that voluntary and community organisations face considerable skills gaps and shortages”⁹ and claims that these include:

- Generic skills such as management, leadership and ICT
- Occupationally specific skills for care, conservation etc
- Sector-specific skills such as fund-raising and managing volunteers

As part of its Workforce Development work-stream the East London CVS Network is currently undertaking a Pilot Project which aims to collect data not only on the current skills levels within the VCS, but also looks at the training and development needs of voluntary sector staff for the future. Relationships are already being developed between training organisations, funders and VCOs submitting their training requirements.

What will happen to smaller VCOs?

Concern has been expressed that the trend towards commissioning of services will lead to a two-tier system whereby larger voluntary organisations are funded via contracts, grant aid dries up and smaller voluntary and community organisations are left in a funding desert.

While the voluntary and community sector’s income is increasing overall, this is due more to the increase in number of charities rather than an organisational increase. In

contrast, however, are the 14 ‘super-charities’ who generate 10% of the sector’s income by a combination of securing public donations and delivering public services:

“These organisations are likely to increasingly shape public perception of the sector as a whole while being responsible for an increasing proportion of the public services delivered by the sector”¹⁰

⁹ VSNT0 “Why a Skills Strategy for the VCS?” p1 April 2004

¹⁰ Voluntary Sector Almanac 2006 summary document p.6

Cross-Borough Funding Issues

Some health services which were traditionally provided by a borough-based PCT or social services have now been out-sourced to neighbouring PCTs or social services. An example of this is the contract to provide Drug and Alcohol Services within Havering has been managed by the joint Drug and Alcohol Action Team and delivered by two out-of-borough agencies.

3. The Way Forward in East London / Recommendations

The conference involved working in small groups to discuss possible solutions to the current situation and the following are some of the comments that came from these workshops:

Recommendations to the Voluntary and Community Sector:

- Work needed to encourage greater diversity within the sector [e.g.: support to BME trustees]
- Look at ways to support trustees [ELN is currently developing a toolkit to support trustees through the commissioning and procurement maze]
- Need for East London research into the impact the VCS makes in terms of social, economic and environmental regeneration
- More work needed on the values of the sector – are they unique to the VCS?
- Infrastructure organisations need to build workforce development services and support. A range of opportunities for staff development should be developed and co-ordinated, maximising ICT and other forms of learning and knowledge acquisition [e.g.: shadowing, mentoring, action learning]
- Infrastructure organisations need to support smaller and/or BME VCOs more effectively e.g.: by facilitating partnerships which allow smaller organisations to be part of service delivery
- Infrastructure organisations need to provide training and support to front-line VCOs on how to strengthen their understanding of C&P, contracting, putting together bids, building capacity to engage
- Infrastructure organisations need to manage the flow of information to VCOs to avoid information overload
- Local infrastructure organisations need to facilitate consultation with local commissioners, bringing together agencies who deliver contracted services to share good practice, share information regarding negotiated wins¹¹
- VCS need to be involved with the development of tenders

¹¹ For example, Barking and Dagenham Disablement Association negotiated to be paid 6 months at start of the contract and then quarterly in advance. They shared their experience with other voluntary organisations who were able to use this information in their negotiations.

- The VCS needs to be more comfortable in selling itself. For example organisations should include “added value” points into their tender documentation in order to sell the benefits of procuring from existing or local services. This might include¹²:
 - Employment for local people
 - Knowledge of local area, care about local community
 - Use of local volunteers ~ encouraging citizenship, encouraging local people back into employment, building local skills, reinvestment into local economy,
 - Long term commitment to local provision
 - Existing premises from which to deliver service
 - Adaptable to local need
 - Holistic approach to service users
 - Applications to external funders for complimentary / additional services for client group and/or extended family
 - Local engagement re: representation on issues regarding client group [LAA blocks, strategic partnerships, consultation or awareness days].

Recommendations to Commissioners:

- Statutory agencies must take a lead role in creating a more level playing field for VCOs to deliver public services. Most of the documents have been designed for the convenience of the procurer and no thought has been given to their impact on smaller-scale providers. Commissioning and procurement shouldn't come down to who understands the forms and processes best, but who can deliver the services more effectively
- Local commissioning officers need to consult with the VCS before they decide on the specification for contracts. This is because VCOs are close to users and local communities and understand local need. This should not exclude those organisations from putting in their own tenders
- Procurement officers need to be much more aware of the work which local voluntary and community organisations are doing
- Statutory agencies need to invest in their local VCS to ensure successful tenders. This might include working with and/or funding local infrastructure organisations to ensure adequate skills and understanding of the procurement process, either through training/seminars or one-to-one support
- Statutory agencies need to work with local infrastructure organisations to provide opportunities for VCOs and commissioners to come together and develop relationships. In February 2005, Havering Association of Voluntary and Community Organisations invited representatives from local community and voluntary organisations to a meeting to discuss their experiences and needs regarding tendering services to the Local Authority. This has since been followed up by breakfast meetings hosted by both the Local Authority and the local PCT commissioners
- There needs to be recognition the value of a grant-aid budget ~ having a funding source with few strings attached is of great value to smaller voluntary and community organisations and develops relationships between small groups and the statutory agency. For example, PCT often gain vital information about the

¹² See also Part 2 Why should the public sector buy services from the VCS?

community which they wouldn't have learnt without having funded small groups in their area

- Statutory agencies need to consider the value of commissioning local voluntary and community organisations, be aware of the consequences of contracting predominantly with either private business or large national charities and ensure some form of weighting within tenders
- There is a need for commissioners to be more high profile [or at least known] within the VCS
- Measures need to be put into place to ensure more of a level playing field between sectors e.g. simple standard contracts.

Delegates were very positive about the conference as a whole with only one person stating that the conference did not meet their expectations at all. All participants that completed the feedback form suggested that they would like to participate in future events around the commissioning and procurement agenda.

4. Conclusion

The voluntary and community sector has a long tradition of meeting unmet needs in the community. As a result, it has accumulated a vast amount of information, understanding and expertise in the provision of many different services. We need to ensure that this is harnessed for the provision of public services in ways which enhance the lives of people who live, work, study and play in East London.

It was apparent from the conference that there was a lot of uncertainty within the sector about the whole Commissioning and Procurement Agenda. Communication channels between the commissioners and the voluntary sector are lacking. This is an area that needs to be addressed sooner rather than later. The conference brought some of these relevant people together but a robust communication strategy within each borough is required to bring the two sectors together and foster a future relationship that will strengthen and deliver results for both parties.

The conference highlighted the fact that the changes are coming and the VCS need to be ready for them. ELN will continue to see Commissioning and Procurement as a high priority agenda and will update the website with new information as is relevant.

This information will be distributed to all conference participants, East London CVS's, local authorities and PCT's.

Part 2 – Background Information

5. Context

Policy Context

The voluntary and community sector has a long history of providing public services in the UK. According to the Charities Aid Foundation, in 2001/02 almost 50% of all new income for the top 500 charities came from government sources.

The pressure on public sector organisations to commission services from Voluntary and Community Organisations [VCOs] has increased dramatically following the Treasury's Cross Cutting Review in 2002. This was followed by the introduction of Futurebuilders, a government fund providing a mixture of loan and grant finance to VCOs to "build capacity and increase effectiveness"¹³ of those VCOs interested in delivering public services.

With ever increasing financial and other constraints on public sector organisations, it is clear that the objectives of statutory services cannot be met without contracting out large parts of service delivery. This provides both opportunities and challenges to the Voluntary and Community Sector [VCS].

More generally, the development of the Compact between Government and the VCS, and between the public sector and the VCS at a local level, has attempted to strengthen the relationship between the public and voluntary sectors and promote a mutual understanding and respect. Underpinning the Compact is the acknowledgement that advocacy and campaigning is an important role of the VCS.

In addition, there is the recognition of the key role of the VCS in encouraging community cohesion and in delivering a number of government community initiatives such as Neighbourhood Renewal Fund, New Deal for Communities, and Pathfinder Programmes.

Reaction to this agenda has been mixed:

"... why is the voluntary sector being ignored when 6 out of 10 people agree that specialist not-for-profit organisations are better placed to deliver many of our public services than profit making business. If the Prime Minister is serious about making public services user-led, putting the consumer first, then he should turn first to the voluntary sector which has led the way in developing user-led services" Stuart Etherington, Chief Executive NCVO, October 2001

Funding Context

Many voluntary and community organisations are in the double bind of having limited control over both the supply of resources and control of demand for their services.

According to the UK Voluntary Sector Almanac 2006, key statistics¹⁴ indicate that the sector in the UK:

- Has an income of £26.3 billion
- Derives 38% of its income from statutory sources
- Has an operating expenditure of £24.9 billion
- Has total assets of £66.8 billion
- Has a paid workforce of at least 608,000

¹³ Futurebuilders website

¹⁴ 2003/04 figures

The amount of 'earned income' has increased to 47% of total income in the sector and over 50% of income from statutory sources now comes from contracts rather than grants.

While smaller charities dominate the sector numerically [56% have an annual income of less than £10,000] the increase of around 40% in the number of general charities in the last 10 years fails to highlight the increase in larger charities: charities with an income of over £1m have doubled in number during the same time-frame¹⁵. Interestingly, some of the new charities bring with them significant resources, reflecting the move by some public sector agencies to set up their own social enterprises in order to capitalise on the changes taking place within the health sector.

These are difficult times for local voluntary and community organisations. The numbers of organisations has increased but obtaining funding has perhaps become more difficult. A number of regeneration budgets have disappeared [SRB, ESF, ERDF¹⁶] and much of the LSC¹⁷ funding for training has been directed to local colleges.

6. Commissioning and Procurement

Commissioning means the cycle of events in procuring goods and services as follows:

- conducting a needs assessment,
- Identification of resources available
- Planning how to use those resources
- Arranging delivery of the services
- Evaluation and review of the service.

The commissioning cycle then starts again with an assessment or reassessment of need. In carrying out the commissioning exercise, the models favoured by the VCS are the partnership model and the community models, both of which enable the sector to be involved from the very beginning of the process rather than being a sub contractor at the end.

Procurement, meaning the purchase of goods or services, is an important part of this cycle. It constitutes the actual implementation of commissioning requirement. In other words it is the 'arranging the delivery of services' part of the commissioning cycle. The purchasing and buying of services can take place through a variety of mechanisms including competitive tendering, spot purchases and negotiated contracts.

Voluntary sector as public service deliverers

The public procurement market is large and growing with a wide range of opportunities opening up for VCOs as reflected by the increase in income flowing into the voluntary sector from public sector sources. An increasing source of income for the VCS now comes from the delivery of public sector contracts, estimated at 18% of charitable income in London¹⁸ with the majority of these contracts in the fields of social services, health, education and community services.

Some of the factors influencing public procurement are the need for compliance with EU procurement policy and rules, as well as national and local government policy and principles relating to Best Value, Improved Service Delivery and Regeneration.

¹⁵ Voluntary sector almanac 2006

¹⁶ ESF: European Social Fund ERDF: European Regional Development Fund

¹⁷ Learning and Skills Council

¹⁸ Zahno Rao Associates 2005

Best Value is a formal requirement for local authorities, which aims to ensure that public services are responsive, efficient, of high quality and tailored to local need. It demands a shift from considerations of cheapest price, under Compulsory Competitive Tendering, towards evaluation of contracts on a balance of price *and* quality to ensure 'value for money' - based on the practice of 'options appraisal'.

The Gershon Report (July 2004), which informed the 2004 budget, detailed the findings of a year-long review of public services, focusing on releasing major resources out of activities that could be undertaken more efficiently into front-line services. The report identified that it would be possible to deliver over £20b of efficiencies in public spending by 2007/8, and noted that there was scope for greater efficiency through building the capacity of procurements staff and enhanced procurement processes.

The Government is committed to extending the role of the VCS in the delivery of public service contracts. **The Role of the Voluntary and Community Sector in Service Delivery – a Cross Cutting Review** highlighted the unique place of VCOs in providing high quality support to marginalised groups and its role as a key partner in delivering government policies.

The review identified ways in which the VCS can add value to the delivery of public services, and highlighted some of the barriers they face in securing contracts. It made recommendations for both building the capacity of the VCS – including financing the VCS infrastructure and developing an ICT strategy, and for public sector agents to develop processes that support the sector - such as front-ending payments, and accepting that services should be costed on a 'full cost recovery' basis. The review also recommended that the Government should commit itself to increasing the number of Compacts by April 2003.

Futurebuilders was launched in 2004, following the publication of the cross-cutting review. It is a £125m investment fund that aims to increase the scale and scope of the public services delivered by the VCS. Futurebuilders focuses on five areas: Community Cohesion, Crime, Education and Learning, Health & Social Care and Support for Children and Young People.

The emphasis is on a step change within front-line service-providing organisations so that they can deliver mainstream services. The fund supports organisations to develop their public service delivery, in a way that encourages building capacity, full cost recovery and sustainability.

The Treasury Spending Review 2004 outlined proposals to deliver the £20 billion of efficiencies in public spending identified in the Gershon report, to either directly increase the output of public services or free up resources which can be recycled into front line delivery. As part of the 2006 Budget statement, the Chancellor announced that HM Treasury would undertake a review of the future role of the third sector in social and economic regeneration.

The evidence is that the third sector has an added or distinctive value in its roles including: in public service reform and delivery; in advocacy on behalf of under-

represented groups; in promoting volunteering and giving; in local economic regeneration; and, in promoting social capital and building communities.

Think Smart Think Voluntary Sector published in June 2006, is aimed at senior staff engaged in the design or approval of policies and programmes that lead to the shaping of

procurement strategies. It focuses on guidance to improve the participation of the VCS in public service contracts, building effective relationships with them, and removing some of the barriers they face in the successful delivery of Government service contracts. The report stresses that, opening the market to the VCS will support the Government procurement policy requirements of value for money through increasing supplier diversity.

In addition, further benefits of contracting with the VCS include established links with the community, understanding the needs of specific client groups, independence from institutional pressures and innovation. The report makes recommendations to public service agencies to work closely with the VCS throughout the commissioning process.

ChangeUp is a Government initiative aiming to strengthen the support and assistance available to VCOs. The ChangeUp framework was developed in partnership with the sector and focuses on improving capacity building and infrastructure within the voluntary and community sector. The ChangeUp programme has established six national hubs of expertise linked to key voluntary and community sector infrastructure issues:

- Finance
- Governance
- ICT
- Performance
- Volunteering
- Workforce

These Hubs have brought together VCS infrastructure and other key stakeholders in their respective fields of interest to improve efficiency, coherence and strategic development, identify gaps, drive up quality and better equip those already providing support to the sector.

ChangeUp is managed by Capacitybuilders, an agency at arms length to government, led by a board of sector experts. The London Regional Consortium is managing the process at a regional level. Sub-regional¹⁹ and local consortia²⁰ of VCS organisations have developed infrastructure investment plans to address gaps in infrastructure provision and undertaken projects to meet them, funded by ChangeUp.

Local Area Agreements (LAAs) are a three year agreement, based on local Sustainable Community Strategies, that sets out the priorities for a local area agreed between Central Government, represented by the Government Office (GO), and a local area, represented by the local authority and other key partners – including the VCS - through Local Strategic Partnerships (LSPs). LAAs are structured around four blocks (or policy fields):

- children & young people
- safer & stronger communities
- healthier communities & older people
- economic development & enterprise

Round 3 LAAs started their negotiation process with Government Offices from 1 April 2006. This is the final round and therefore all local authorities are now working to this agenda.

A report by 'Rocket Science'²¹ examined the experiences of the 17 boroughs piloting LAAs noting how there is considerable uncertainty over the future of small grants.

The report highlights the fact that 'Any reductions will invariably have a disproportionate adverse effect on black, minority ethnic and refugee community groups which are so critical to social cohesion'.

¹⁹ The ChangeUp East London Partnership is facilitated by the East London CVS Network

²⁰ Details of local East London consortia, together with local ChangeUp plans, can be found on the East London CVS Network website

²¹ Voluntary Sector Involvement in the development of round 2 LAAs in London – Key Findings and examples of good practice: March 2006

7. Why should the public sector buy services from the VCS?

The voluntary and community sector:

- Have links with and into the local community
- Have links with and provide services to the most disadvantaged communities
- Have a track record of delivering on regeneration and health initiatives
- Are able to build on social capital
- Don't always need new 'specialist workers' ~ but are able to graft some tasks onto existing roles
- Have local passion and local ownership
- Are reaching users who don't trust authority / statutory services
- Are involving users in the development and delivery of services
- Have close relationships with the local authorities [both member and officer level] and health agencies, built up over many years
- Generally have a flexible 'can do' approach
- Use volunteers ~ in some cases the value of volunteer effort exceeds the value of the contract
- Have the ability to bring in other resources [both in cash and in-kind] from the private sector [both locally and from charitable trusts] and from professional groups
- Provide a diversity of service providers

In a recent speech to a Local Authority, Kevin Curley of NAVCA made the following points:

“For the most part ... local organisations do not want to take over Job Centres or prisons or all the Child and Adolescent Mental Health Services across a city. They may though be ambitious. The Victim Support Scheme may wish to expand to support more victims. The Women's Refuge may need more than 20 beds. But, as grants give way to Service Level Agreements and these in their turn give way to contracts and competitive tendering comes the big questions ... [for statutory agencies] ... is how to protect local voluntary sector services ~ the ones that you value. You must ask whether in five years' time you want to see a situation where much of the funding currently going into local voluntary organisations has been sucked up by big competitive national charities. If you value your local organisations, you need to look at how your commissioning and procurement process will make sure this doesn't happen”²².

The Comprehensive Performance Assessment [CPA] now looks in depth at local partnership working between the local authority and the local VCS. A local authority cannot score highly under the CPS unless their partnership working with the VCS is of a high standard.

The Government is also insisting on effective VCS engagement in every Local Area Agreement. This is now a mandatory requirement and will be subject to Government Office Scrutiny. Engagement is not “about process or liaison meetings ~ fundamentally it's about making services better for local people and giving local people their say”.²³

The commissioning and Procurement agenda is still evolving and good practice is gradually emerging. To keep up to date on any developments in East London visit www.elcvsnetwork.org.uk for our dedicated webpage on this complex agenda.

²² Address to Bristol Councils Select Committee on the Sustainability of the Voluntary Sector., Kevin Curley, CEO National Association for Voluntary and Community Action (NAVCA), 2 Feb 2006

²³ As above

Glossary

ACEVO	Association of Chief Executives of Voluntary Organisations
BME	Black & Minority Ethnic
C & P	Commissioning and Procurement
CPA	Comprehensive Performance Assessment
CVS	Council for Voluntary Service
ELN	East London Network
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
GO	Government Office
HAVCO	Havering Association of Voluntary and Community Organisations
ICT	Information Communication Technology
LAA	Local Area Agreement
LSC	London Skills Council
LSP	Local Strategic Partnership
NAVCA	National Association for Voluntary and Community Action
NCVO	National Council for Voluntary Organisation
NIVCA	Northern Ireland Council for Voluntary Action
NPC	New Philanthropy Capital
PCT	Primary Care Trust
SLA	Service Level Agreement
SRB	Single Regeneration Budget
VCO	Voluntary and Community Organisation (s)
VCS	Voluntary and Community Sector

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