

# Starting to make sense?

## Policy briefing on VCS public service delivery

There have been a number of recent government publications covering issues of VCS sustainability and public service delivery. This paper provides an overview of these, aiming, in particular, to identify common themes as they relate to the Regional Forum's Procurement Project and its aim of increasing VCS commissioning in our region. The documents, all of which were published in the second half of 2006, are:

- **Social Enterprise Action Plan (SEAP)**, Office of the Third Sector (O3S)
- **Partnership in Public Services (PPS)**, O3S
- **Strong and Prosperous Communities**, the Local Government White Paper (LGWP), Department of Communities and Local Government (DCLG)
- **The future role of the Third Sector in social and economic regeneration: interim report**- this is the first report from the Third Sector Review (3SR), O3S
- **Destination 2014**, Capacity Builders (CB)
- **No excuses. Embrace partnership now. Step up to change!** (No Excuses), Department of Health Third Sector Commissioning Task Force
- **Local Community Sector Taskforce Report (LCST)**, DCLG- this looked at the issues for the sector following the end of SRB

### A first word about language

The use of language to describe 'our' sector has got a bit tricky, largely as a result of confusion about how to differentiate between social enterprise and the voluntary and community sector. The new term which government has opted for- the third sector- fudges this and is being used as a new 'brand' in ways with which we may not always be comfortable. To add to the confusion government persists in identifying the social enterprise sector as a special case, by, for example, publishing a new Social Enterprise Action Plan (SEAP) and requiring Capacity Builders (in Destination 2014) to explicitly include support for social enterprise in its updated business plan. Additionally, RDAs sometimes seem to be more comfortable with the 'brave new world' of social enterprise than they are in 'our' world. This also gets tricky when you look at some of the new policy and guidance- one example, from the SEAP, says that government departments will work together "to promote ways in which mainstream regeneration funding can be used to develop sustainable social enterprise solutions". This is fine, as long as the broadest definition of social enterprise is applied and older, smaller, more traditional voluntary and community organisations are not overlooked.

All that said, this paper will stick with the 'third sector' descriptor for convenience and to follow current government usage.

### A level playing field?

The O3S publications, the SEAP and its companion PPS and the 3SR interim report all include measures designed to make commissioning and procurement more fair for the third sector. The No Excuses report addresses this by setting out a model contract for health commissioners, designed to eliminate existing barriers to third sector providers. All the other publications also touch on this area. Headlines are shown below:

- Development, piloting and disseminating learning about social clauses, templates and model contracts (PPS, SEAP, LCST, No Excuses). The PPS says that it will call major government departments to account on this aspect of their

commissioning activity. The North East Regional Centre of Excellence in Procurement will be leading on the introduction of social clauses

- A promise to address the issue of clawback, whereby third sector organisations cannot retain any surpluses they generate, unlike private sector contractors (SEAP)
- Review of the commissioning frameworks of all government departments to ensure that they do not disadvantage the third sector, and that they involve third sector organisations in their development (PPS). This also includes the possibility of common commissioning frameworks to address the delivery of outcomes which could be covered by a range of agency contracts (for example, outcomes relating to health, NOMS and Pathways to Work)
- Streamlining of assurance processes, reduction in administrative burden imposed by contracting on third sector organisations, and the introduction of benchmarking systems to compare the third sector with other service providers (PPS)
- Review of sub-contracting arrangements and development of models for formation of third sector consortia (PPS)
- Pressure on commissioners to introduce full cost recovery, 3-year contracts and measures to balance risk (3SR, LGWP)

## **Recommendations relating to agency commissioning**

The O3S has been working across government departments on a range of issues and all three of its publications include recommendations to improve third sector commissioning and widen the market for third sector providers. They include:

- National Programme for Third Sector Commissioning to invest in the skills of the 2,000 most significant commissioners of the third sector (PPS)
- Appoint 20 social enterprise ‘ambassadors’ to raise awareness (SEAP)
- More emphasis on local Compacts to influence commissioning practice, leading to increased third sector commissioning, increased skills for third sector commissioning and more local control of public service delivery (LGWP)
- Pressure on health commissioners to manage a more diverse market to deliver health outcomes (No Excuses), meaning that commissioning practice needs to change and become more imaginative. PCTs will need to get involved in local public service delivery (LGWP)
- Local Strategic Partnerships and Local Area Agreements (LAAs) to influence commissioning practice, for example, suggested neighbourhood charters (LCST), funds to support third sector involvement (CB), Government Offices to scrutinise LAAs for third sector involvement
- Continuation of Invest to Save funding for service innovation and partnership working (joint Treasury and Cabinet Office initiative)

## **Support for the Third Sector to deliver**

The continuing need for grants, since contracting will not be relevant for all third sector organisations, is acknowledged by central government (3SR, DH, LGWP), but not consistently at the local level. The LCST report suggests Community Micro grants as one measure to sustain the sector through the current painful transition. The 3SR also states that the role of the sector to be involved in service planning and design, and to be challenging and innovative, must be preserved.

There are several recommendations which aim to acknowledge the challenging change agenda facing the sector and to provide support, as summarised below:

- Research on evidence of the wider impacts delivered by third sector organisations (SEAP, PPS) and support for sector capacity to evidence impacts (PPS)
- Funding for support for the sector to be able to take on contracts and service delivery, for example, consortium development, improving business skills (CB, LCST)
- Mapping of agency support for third sector capacity building (CB)
- Identify networks for third sector support, evaluate the support available and plug any gaps (SEAP)
- Increase support from RDAs (SEAP, LCST)
- Undertake a series of initiatives to include third sector issues into education. These recommendations appear in the SEAP so the emphasis is on social enterprise but it does provide an 'in' to engage young people more widely in third sector ways of working
- Setting up an Innovation Exchange to develop approaches to stimulating and supporting innovation in the third sector (PPS)
- Opening up Futurebuilders funding to all third sector organisations working to deliver public services (PPS)

## **Regional issues**

Some recommendations apply at regional level:

- Review of regional/sub-regional commissioning, starting with looked-after children's placements (PPS)
- Establish regional funder's panels (CB)
- Review gaps in infrastructure support in 2 English regions/sub-regions (CB)

## **Business Opportunities for the third sector**

The PPS document provides an interesting summary of what the O3S sees as the best business opportunities for public service delivery by the sector. These are shown below:

- **prison and probation services, particularly probation interventions**
- **learning and skills for offenders**
- **national roll-out of the Pathways to Work programme**

- city-level employment consortia in 15 pathfinder local areas
- provision of information about public services, particularly to disabled people
- personal and community development programmes run by the Learning and Skills Council
- parental and family support services
- Sure Start Children's Centres and wider provision of childcare services
- extended schools and positive activities for young people
- proposals to develop a patient-centred system for audiology services
- low vision services and the wider review of ophthalmic services
- community equipment and wheelchair services
- community transport
- local waste management services
- enabling vulnerable people to live independently through the Supporting People programme

In addition, the Department of Health is actively supporting the entry of the third sector into the **health and social care** market (No Excuses, Pathfinders programme) and the **London Olympics** is often cited as an opportunity for the sector.

This list is helpful in relation to the Regional Forum's Procurement Project since many of the areas of business fall within the commissioning areas we have selected for our work.

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