



The VCS and the social enterprise sector have long been seen as separate entities. With Government policy for the VCS residing in the Home Office, and now the DCLG, and policy for Social Enterprise being located in the DTI, there has been little opportunity for joined up strategy. However, CLES believes that at the local level, the two sectors are intrinsically linked by a number of shared interests and activities, including; a focus on delivering projects and services for the maximum benefit of local communities; reinvesting surpluses; delivering public sector 'contracts'; drawing on the advantages of interventions such as ChangeUp to develop the infrastructure of their sectors; and influencing new policy developments such as public sector reform. Indeed, it is because of these shared interests that CLES refer to the sectors collectively as the voluntary, community and social enterprise (VCSE) sector. As such, where appropriate, this term will be used in this *Local Work: Findings*.

The VCSE sector is increasingly being encouraged by central, regional and local government to make a more sustained and wider contribution to local and neighbourhood level service delivery. This move towards enhanced VCSE sector involvement has been shaped by two key factors. First, the Government has placed increasing emphasis on the devolution of public service delivery to the local level. Second, there has been recognition by both the public sector and the VCSE sector itself, that as a result of its existing relationships with communities and neighbourhoods, it is particularly well placed to assess the needs and wants of local people and to deliver local services. Therefore, over the last couple of years, the VCSE sector has become increasingly adept at bidding for, securing, managing and delivering local authority and other public sector contracts. Similarly, local authorities have had to develop effective and efficient procurement strategies and relationships with the VCSE sector to enable fair access to tendering and delivery opportunities.

CLES has recently completed strategic policy work with infrastructure body, Social Enterprise Sunderland to support, develop and position the VCSE sector in both the city of Sunderland and the wider city region to take advantage of the emerging public sector reform agenda, and of changes in the funding environment for the sector. In particular this work focused on the move from 'grants' to 'contracts' - highlighting best practice examples of VCSE sector success in gaining, delivering and sustaining public sector contracts. This *Local Work: Findings* will focus on the case study aspect of the research carried out in the North East. Community Campus 87, Sunderland Voluntary Sector Youth Forum, Wearside Women in Need and Hendon Community Care provide services to deprived communities in the North East. They were selected as best practice organisations that have been delivering both contracted and non-contracted services in neighbourhoods for a number of years. As well as looking at several case studies, this publication will highlight central government policy agendas and interventions with regard the VCSE sector; assess some of the generic benefits and the advantages of VCSE involvement in service delivery; and provide a number of recommendations for the future of the VCSE sector and service delivery.

Central and Local Government and the VCSE Sector

A key focus of policy making, over the last nine years, has been the improvement of service delivery, particularly in the most deprived areas. Indeed this emphasis can be seen in a number of policy developments and interventions, most notably: The National Strategy for Neighbourhood Renewal; Local Strategic Partnerships; the *local:vision* policies and Local Area Agreements. In each of these policy developments, central government has sought a degree of VCSE sector involvement, engagement, development and delivery. Examples of this emphasis are illustrated in the following key areas:

Challenges for delivery: The voluntary, community and social enterprise sector.

by Matthew Jackson

If you would like to comment on *Local Work*, or have an idea for an edition please

email: victoriabradford@cles.org.uk

September 2006 No. 71



Funding

The ChangeUp programme seeks to develop the capacity and infrastructure of the voluntary and community sector with the intention of increasing the expertise and ability of the sector to deliver public service contracts through long term investment, and particularly by providing a combination of loan and grant finance. The programme was supported by £80million of Home Office funding from 2003-2006, and from 2006-2008 a further £70million has been channelled by the Capacity Builder Programme to carry forward the work of ChangeUp. The ninth round of the Inclusive Communities Budget has also recently been launched by the Treasury, with a particular focus on forging stronger partnerships between local authorities and the third sector in the development of innovative approaches to service delivery. The DTI's 'Social Enterprise Strategy for Success' also sees a key role for social enterprises in public sector procurement. The DTI is working with partners to promote greater understanding of social enterprise among those responsible for public sector procurement at the local and national level. It has also produced a 'toolkit' distilling good practice for social enterprises in winning public sector business. In addition, RDAs have a vital role to play in ensuring that the potential of the social enterprise sector is realised. For example, One North East has supported the creation of the North East Social Enterprise Partnership delivering a programme of social enterprise capacity building. Clustering is also a key part of social enterprise delivery, with the RDAs having access to Regional Innovation Funds to support clusters, joint working and networking by social enterprises.

Targets

As a result of the 2004 Spending Review, the Home Office, has a Public Service Agreement to increase the volume of public services delivered by the voluntary and community sector by the end of 2006. Some 1st and 2nd round Local Area Agreement pilots also have targets designed to increase service delivery by local voluntary and community organisations in order to meet wider outcomes.

Relationship with Government

The Compact on relations between government and the voluntary and community sector in England was first introduced in 1998 and aims to improve the relationship between the Government and the sector. The majority of local authorities have now signed 'local compacts', which are agreements between all local public bodies and the voluntary and community sector. The responsibility for Futurebuilders, ChangeUp and Compact Agreements lies with the Active Communities Unit of the DCLG. The much anticipated Local Government White Paper will also be important for the VCSE sector, as it is likely to further strengthen links between local government and the sector as a whole by creating more opportunities for public service delivery as well as community development and engagement. It should also strengthen links between the DCLG and the new Office of the Third Sector in the Cabinet Office. In addition, although led by the

DCLG, this will be a large part of Government policy, and so should also strengthen links between the VCSE sector and all other departments, for example health and education. Thus, further emphasising the role of the VCSE sector as deliverers of public services.

Gershon and Lyons

With the value of public services delivered by the voluntary and community sector growing from £3.2billion in 1991-92 to £7.5billion in 2000-02, the Gershon Review, which sought to recommend ways in which central and local government could be more effective and efficient, recognised that there was a continued role for VCSE organisations in service delivery. In particular, because of the VCSE sector's potential to enhance efficiency, provide services tailored to personal needs; and improve contestability. As a result, the Government has attempted to sustain and improve VCSE sector service delivery through:

- +Improving stability** by moving to longer-term, multi-year funding arrangements where possible;
- +Appropriately assigning risk** between statutory bodies and the VCSE organisations when contracting for service provision;
- +Streamlining and rationalising monitoring**, regulatory and reporting requirements (as is already being seen in delivery of Local Area Agreements).

In addition, the interim Lyons report highlights a number of key changes necessary to ensure better value services are delivered. This includes ensuring a more efficient allocation of resources between and within services and ensuring services are based on local choices, informed by effective public engagement.

The Benefits of VCSE Service Delivery

A prime benefit of the VCSE sector, generally, is that many of these organisations are often based in, and play a role in, the life of communities. Local people often trust and identify with VCSE sector organisations to a far greater degree than they do the local authority or regional bodies. VCSE sector organisations also often deliver their services for particular neighbourhoods and particular sectors of the population, utilising the knowledge they have of that particular group or community. Focusing on service delivery, there are a number of reasons why it is considered important; including the ability to contribute to the wider engagement, sustainability and relationship activity of the sector's organisations. In terms of engagement, the VCSE sector can act as agents of joint working between communities and local and central government to facilitate a three way relationship between the individual citizen, the voluntary sector and the state. In terms of sustainability, the delivery of public sector contracts adds to the scope and enhances the sustainability of the organisation. In terms of relationships, VCSE sector organisations are increasingly becoming recognised for their ability to work with other local and regional organisations, as well as communities.

Case Studies

With grants supporting the VCSE sector being significantly reduced as a result of changes to funding streams and the end of programmes such as SRB, VCSE organisations have found it increasingly important to diversify their funding and one way has been to deliver public sector contracts. The case studies all explore how this has been done in the North East. Community Campus87 delivers housing related services to young people aged 16-25 across Middlesbrough, Redcar, Cleveland and Stockton. The organisation was formed in 1987 evolving over the years to obtain external funding and secure numerous local authority contracts. Sunderland Voluntary Sector Youth Forum (SVSYF) is an umbrella and infrastructure body representing the voluntary youth sector in Sunderland. With all youth services contracted out in Sunderland, SVSYF provides its member youth organisations with support in accessing contract opportunities and in advancing the educational, social welfare and recreational interests of young people across the city. Wearside Women in Need is a women's charity that delivers services such as refuges and outreach work to vulnerable women, men and children who are experiencing domestic violence, mental health difficulties and social exclusion. Hendon Community Care has been delivering contracts for Sunderland City Council since 1994 providing home support services to older people and disabled people across inner city Sunderland who require assistance with their daily living needs.

Niche and Effective Services: A Precursor to Contracts

All of the case study organisations felt that their long-term delivery of niche and effective services assisted in their ability to gain public sector contracts. Community Campus87 was formed as a result of problems in the North East with regard to the homelessness of young people and associated deprivation. They felt that there was a significant gap in the area for a specialist organisation to provide housing and related services for young people. Utilising a range of innovative interventions such as the Key Skills project, Community Campus87 built up capacity to tackle issues of empty dwellings, unemployment, homelessness and low skills. Similarly, Wearside Women in Need has built up capacity and projects over a number of years, which make it a prime organisation for responding to procurement opportunities. The organisation was formed in 1981 out of a grassroots community development women's group, which would meet informally, particularly about domestic violence. Wearside Women in Need now has a significant impact across Sunderland, working with around 600 service users a month, who access refuges, help lines and drop-in activities.

Delivering Public Sector Contracts

Three of the four case study organisations had longstanding experiences of delivering public sector contracts. Community Campus87 currently has two main public service delivery contracts. They deliver two Supporting People contracts in Stockton and Middlesbrough. Their existing work as service

providers for young homeless people meant that the organisation was at the forefront of local authority thinking when the delivery contracts for Supporting People were being drawn up. They also have a two-year contract from Middlesbrough Borough Council to deliver a resettlement programme. Wearside Women in Need also deliver their residential projects and outreach services through a contract acquired as part of the Supporting People programme. The domestic violence work of the organisation has been recognised in the contracting of the Sure Start Violence Intervention Programme. The contract provides support in four key geographical areas. Hendon Community Care currently delivers two services on behalf of Sunderland City Council. The Home Support contract provides physical assistance to service users, undertaking domestic tasks and shopping. The Companionship contract provides service users with additional support when their usual carer is unavailable or on holiday.

Contributing to Policy and Strategy

The role of Sunderland Voluntary Sector Youth Forum in service delivery varies slightly from the other three case study organisations. Whilst advising member organisations on gaining and delivering contracts the Youth Forum also has a role in filtering down, to the local delivery level, the government policies aimed at children and young people, which have emerged in the last 2-3 years. Particular publications / policies include: Every Child Matters; Youth Matters; Higher Standards, Better Schools for All, the development of Children's Trusts, the Extended Schools agenda. The organisation also sits on Sunderland's Children Trust board and are looking to develop the links between their member organisations and schools through the Extended Schools agenda.

Maintaining Contacts and Contracts

Each of the case study organisations have recognised the need for effective partnership working and community involvement if the outputs of contracts are to be met and the contract to be renewed. A key reason for the sustainability of Community Campus87 and its service delivery contract has been the ability to deliver projects and contracts in partnership and on behalf of a range of organisations such as local authorities, other voluntary and community organisations, the private sector, funding bodies and other partners such as the Connexions Service. Sunderland Voluntary Sector Youth Forum has been similarly effective in developing partnerships and representing their youth service members. As well as maintaining their place on the Children's Trust Board, they are involved in the ChangeUp Consortium, the Community Development Network and Social Enterprise Sunderland. They are increasingly looking to be involved in new policy agendas, particularly Local Strategic Partnerships and the Children and Young People's block of the Sunderland Local Area Agreement, which was 'signed off' in April 2006.

Benefits and Processes of Public Service Contracting

Wearside Women in Need believe that the VCSE sector is best placed to deliver services that require specialist knowledge and that because they already have a good knowledge of their areas of work, links with the service users, and an independence from the council, VCSE organisations are more approachable. In terms of process, Wearside Women in Need receive information on procurement opportunities, often through word of mouth, but also through Sunderland City Council's procurement department. Hendon Community Care also believe the VCSE sector to be well placed to deliver public sector contracts, for two reasons. First, because the staff structure within VCSE organisations is 'flatter' meaning that the decision making processes are often quicker. Second, because there is less bureaucracy within the VCSE sector than the local authority meaning organisations can be more flexible. Community Campus87 believes that their organisation is better placed to deliver services because it is a bottom up, community-based organisation. They also believe that the strong values of the organisation are reflected in the way in which they deliver contracted services.

Delivering Public Sector Contracts in the Future: Barriers and Challenges

Whilst each of the case study organisations were on the whole positive about moving from a grant based culture towards the delivery of contract services, each of the organisations felt that there were a number of barriers and challenges that it was felt the VCSE sector, as a whole, should be aware of:

- 0 Short term funding / contracts - These put pressure on the sustainability of VCSE organisations.
- 0 Restrictive timescales and performance monitoring - This can be time-consuming and sometimes comes at the expense of delivery on the ground.
- 0 Bureaucracy - Bidding for contracts from the local authority requires a huge amount of administration time and requires a detailed knowledge of legislation.
- 0 Losing geographical focus - Delivering public sector contracts often means VCSE sector organisations need to widen their geographical and target group remit, possibly marginalising local people.
- 0 Does Every VCSE sector organisation want to deliver services? - not every organisation wants to move from 'grants' to 'contracts'.

Conclusions and Recommendations

Despite the positive impact made by the case study organisations and others like them, there remain a number of key challenges, with regard to policy agendas, funding, contracting, and the delivery of local services, both currently and in the future. This *Local Work: Findings* has illustrated how the sector is beginning to adapt to the shift from a 'grants-based' culture towards that of a 'contracts-based' culture and how organisations are becoming aware of the importance of new policy agendas and methods. Based on both the case study research, document analysis and a questionnaire survey of VCSE sector organisations in Sunderland, CLES has also produced a number of recommendations with regard to the procurement and delivery of public service contracts for both the VCSE and public sector:

- 0 Identify gaps in target group provision and raise awareness of procurement opportunities within the VCSE sector.
- 0 Raise awareness and knowledge of the shift in emphasis from 'grants' to 'contracts' in the VCSE sector and thus contract opportunities in Sunderland.
- 0 Ensure that local public sector bodies, across all departments and themes, recognise and acknowledge, at a corporate level, the role the VCSE sector can play in delivering services and meeting targets.
- 0 Ensure further assistance is provided by both the local authority and VCSE sector infrastructure bodies to ensure that the smaller organisations have the skills required to develop, deliver and maintain public service delivery contracts, should they wish to.
- 0 Link service delivery contract areas, as identified in the Sunderland Procurement Strategy to the skills, experience and geographical delivery areas of VCSE sector organisations.
- 0 Recognise that there are organisations which currently deliver or wish to deliver public service contracts but also those organisations that have operated effectively for many years without contracts and do not wish to deliver 'contracts'. Local authorities and the VCSE sector as a whole must recognise these two positions and tailor awareness, skills, guidance and strategy accordingly.

In addition, CLES believes that the new policy agenda, of improved services, local delivery and engagement with decision makers as well as the move from grants to contracts, are all important to the sustainability of the sector as a whole.



For details of CLES products or services or to subscribe to CLES, please email info@cles.org.uk or visit www.cles.org.uk