

Do *you* know your LAAs from your elbow?

Stronger Communities - LAAs and the voluntary and community sector

Procurement and Commissioning – getting to grips with the changing world of funding

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Local Area Agreements and VCS service delivery

The Government has clearly outlined a key role for the VCS in the design, development and delivery of the Local Area Agreements (LAAs). This means the sector needs to help identify priorities, influence the design and delivery of services and provide them. LAAs provide new opportunities for VCS contributions, by identifying local need, engaging communities, shaping outcomes and delivering services.

Services identified in the LAAs will be commissioned through a competitive tendering process. Whilst there are no guarantees for the sector there is no doubt that the Government sees a growing role for the sector in the delivery of local services and there is a genuine recognition that the sector can do this, often in a more efficient, equitable and personalised way.

The sector can also deliver key outcomes across the LAA. The one mandatory outcome in the Safer and Stronger Communities block that has significant relevance to the VCS aims to *empower local people to have a greater voice and influence over decision-making and delivery of services*. This 'opens the door' for the sector to promote itself as a provider of public services.

So LAAs and service delivery – it's about:

- Joining up services to meet local need
- Local people influencing service delivery
- Increasing services delivered by the VCS
- Increasing satisfaction with services that are provided

And the VCS has a role in all of these.

Opportunities and Challenges for the VCS:

- Influencing service design and delivery for the benefit of local communities, especially the most disadvantaged
- Ensuring that the commissioning process is fair to all VCS organisations - and not just the usual VCS organisations
- Knowing who in the VCS is delivering what services, so that those who are delivering can be included and involved in promoting the needs and priorities of local communities
- Balancing mixed views about procurement – some argue the VCS should not be delivering public services, others see this as a way to meet their organisations objectives and secure better public services for their beneficiaries
- Maintaining independence and identity whilst being contracted by the Local Authority to deliver services
- Building 'new' relationships with procurers and commissioners
- Getting the funding relationship right – this is increasingly important if the financial stability of service delivery organisations is to be assured and if government can look confidently to the voluntary and community sector to deliver quality services
- Being 'contract ready'

First some definitions... Several terms like commissioning, procurement, tenders and contracts have been, and are often, used interchangeably. Also different departments and sectors e.g. Social Services, NHS and private sector use the terms differently, leading to confusion and a lack of common understanding.

What is commissioning?

Commissioning is the process of specifying, securing and monitoring services to meet people's needs. (Audit Commission October 2003). Commissioning is the strategic activity of assessing needs, resources and developing a strategy to deliver services. 'Procurement' may be one way to commission services.

What is Procurement?

Procurement is the act of buying goods or services. Procurement is about buying goods or services to ensure, for example, the Local Authority can deliver its services effectively, efficiently and economically. Procurement is generally via a contract between the procuring body (buyer) and the supplier.

Contracts are legal documents that define an agreement between buyer and supplier. Contracts can be awarded through some of the following methods:

Competitive Tenders – likely to be one-off contracts

Negotiated Commissions – can be dependant on external sources of funding e.g. SRB or Neighbourhood Renewal Funding

Service Level Agreements – a form of commission, negotiated directly between buyer and supplier around the delivery of specific services

Grants have, until more recently, been a major source of income for the VCS. Grants may come from a variety of sources that enable the VCS to carry out their work. The grant giver is not contracting for a service it is offering financial support. Increasing use of competitive bidding & written agreements, in award of grants, has led to confusion with public procurement contracts.

What is a social enterprise?

Social enterprises are an expanding part of the wider voluntary sector and in reality there are many voluntary and community sector organisations that share some of the characteristics of social enterprises. The Department of Trade and Industry's Social Enterprise Unit defines a social enterprise as *"a business with primary social objectives whose surpluses are principally re-invested for that purpose in the business or in the community. Social enterprises include community enterprises, social firms, mutual organisations and large scale organisations operating nationally and internationally."*

Generally, it is important that VCS organisations know:

- Who are the commissioners of services in your area
- Who are the Procurement Officers in the Local Authority
- What services are being commissioned and where are opportunities advertised
- What is the Local Authority threshold, before going to a full blown tender process, e.g. in Leeds the threshold is £100,00, in Wakefield it is £75,00 and in Hull it's £5,000
- What is the process for applying
- What support is available

In terms of LAA's and commissioning processes it is also important to know:

- What commissioning processes will be used (some LAA's are using the same commissioning processes used for distributing Neighbourhood Renewal Funds)
- What outcomes and indicators have been identified in each of the 4 LAA blocks
- What activity will deliver the outcomes
- Which Partnerships and Agencies have lead responsibility for delivery

More from the support programme ...

Whilst there is a drive to involve the VCS in the design and delivery of services, procurement remains a contentious issue for the VCS. Many fear too much service delivery, under contract to the Local Authority, compromises the sectors independence. However, within the context of Local Area Agreements there is a crucial role of the VCS, not just as service providers but also as partners to shape the strategy for designing services. In addition, there is an important role for the VCS to ensure 'VCS friendly' commissioning processes are adopted to benefit those VCS organisations who do want to deliver services. Whilst procurement isn't the way forward for every VCS organisation, it is for some, and VCS infrastructure organisations need to be working on their behalf and providing support.

At present there appears to be limited amounts of experience and examples of how services will be commissioned across the 4 LAA blocks, for most areas it's just too early days. This in itself provides chances for the VCS to get ahead and begin engaging and influencing the strategy and processes. Most LSP's have little experience in local commissioning – some are still devising a procurement strategy – which provides a real chance for the VCS to think ahead and make the most of the opportunity to work together on this.

Key messages and insights from the support programme

- ▶ LAAs are at different stages in different areas, it is still a learning process for everyone and guidance is still coming out. There is a great deal of variation across the districts
- ▶ Early involvement of the VCS - with a strong voice - is crucial to make the most of the LAA process and provide the best opportunities for the VCS to shape strategy and delivery
- ▶ Need to get together the 3 key partners, the VCS, the Government and the procurers to discuss issues, learn and progress. Local Authorities are not always the experts – bring our VCS experience. Can the VCS solve some of the issues of the Local Authority by coming up with some of the answers first – getting ahead?
- ▶ Frustrated by lack of knowledge about how procurement will happen through the Local Area Agreements. Two-way dialogue is needed to know and understand what buyer and supplier both want
- ▶ Acknowledge that service delivery, bidding / winning contracts is not right for every VCS organisation – but infrastructure organisations need to be ready to support those that are. Although in some cases infrastructure organisations themselves are facing the same pressures as they have to tender to provide their services too
- ▶ Fear of commissioning is widespread and there is limited experience within the VCS around commissioning and procurement
- ▶ There is a challenge to ensure the VCS has opportunities to continue delivering 'non mainstream' services
- ▶ Selling the value of the VCS – need to get more practice at promoting the VCS and its contribution. Different promotion is needed for different stakeholders e.g external and internal partners
- ▶ Important to build relationships with others – procurement officers have some power, but also get to know other senior officers, politicians and elected members
- ▶ There is a need to embrace partnership and consortium working – recognise the benefits and be prepared to negotiate

- ▶ Information and Communication is patchy – needs improvement e.g better information on websites, more up to date information regularly disseminated. Local Authorities are making commitments to providing up to date and accessible information – so should the VCS
- ▶ The Statutory sector is changing – Local Authorities, Primary Care Trusts, Local Strategic Partnerships are all changing structures and the VCS needs to keep up to speed
- ▶ What impact will LAAs have on the VCS – what will the VCS look like in 10-20 years time?
- ▶ None of it is easy – but it is worth doing

Action Points from the support programme

- ▶ Seek to get procurement and tender scoring procedures / weightings in the public domain
- ▶ Make sure local commissioning framework is developed with VCS involvement
- ▶ Check the outcomes in the LAA
- ▶ Develop toolkits and methods for gathering evidence and identifying outcomes that the VCS can deliver
- ▶ Build local accountability into the LAA
- ▶ Local level organisations need to keep an eye on national developments
- ▶ Do our research
- ▶ Prove our worth
- ▶ We need to lobby strongly for the VCS at the strategic level
- ▶ Identify what you can bring – find way into the strategy – not just the delivery
- ▶ Find out what the VCS is delivering in the area and what it would like to deliver
- ▶ Bring groups together in consortia – organisations that have similar interests
- ▶ Find ‘natural partners’ that are willing to share experience and provide support
- ▶ What about Full Cost Recovery
- ▶ Infrastructure organisations need to listen and take positive action
- ▶ Think ahead!

What can VCS infrastructure organisation do to support themselves and other VCS organisations wanting to deliver services?

With the sector:

- Check out governance arrangements - is there appropriate structure in place
- Check out that the organisation is properly set up and has the capacity to fulfil a contract
- Assess the skills needed and those already within the organisation
- Explore the ‘track record’ of delivering services – how to get on the ladder?
- Explore how the organisation will ensure sustainability – ensure a mix of income streams
- Gather and provide up-to-date information
- Help to find partners and form delivery partnerships
- Create a list of useful contacts e.g. support agencies & Local Authority departments / services
- Promote local contract opportunities or at least signpost to where contracts are advertised
- Be a ‘critical friend’ / mediator
- Be ready!

With partners:

- Negotiate how commissioning processes can be VCS friendly
- Find out what support / specialist advice is available from other agencies e.g. Local Authority procurement unit and other support organisations within the VCS - and how to access it
- Promote the role and value of the VCS
- Ensure there is VCS representation on appropriate Boards and commissioning groups
- Be noisy!

LAA examples, extracts and signposts from the support programme

Wakefield Social Services, a Wakefield Metropolitan District Council perspective.

Wakefield Social Services has new 12-month project (began Nov 2005) with 2 part-time Development Officers based in Social Services Contracts Section of the Council. The project aims to:

- ▶ Engage with local VCS providers
- ▶ Identify WMDC strategic themes
- ▶ Develop relationships with infrastructure / support organisations
- ▶ Share knowledge of WMDC Social Services procurement procedures
- ▶ Increase procurement activity within the VCS

The project staff are working with VCS organisations, building relationships and improving effective service delivery within Social Services across Wakefield. The project has identified some important learning particularly around; the barriers that occur around commissioning services from the VCS and how these can prevent effective relationships, the positive recognition from within the Council of the value of the VCS and the high level of enthusiasm and willingness in the VCS to develop services and engage with the service delivery agenda.

One interesting element of the Wakefield example is when the Council puts together a specification and scoring system, the weighting between questions is made known to the applicant. There is pressure across other Local Authorities to follow this example, but not all do.

The project is also involved in further developments in Wakefield including: joint working with partners on a series of procurement workshops for the VCS, the development of a corporate database and contract management system, developing 'user friendly' documentation, forms and processes and work to develop the Local Area Agreement commissioning processes. Wakefield is a Round 2 LAA area and as the delivery of the LAA now begins there is a clear link and relationship to be made with Social Services project experience and the new LAA commissioning processes.

Contact: Rachel Nixon-Smith, Principal Contract Officer on 01924 304021, or rnixon-smith@wakefield.gov.uk or Helen Chapman, VCS Contract Development Officer on 01924 306254, or hchapman@wakefield.gov.uk

Bradford.... Developing a Safer and Stronger Communities Commissioning process

In Bradford District, services and projects will be commissioned to deliver the Safer and Stronger Communities partnership priority outcomes as outlined in the LAA. A number of external budgets have been pooled and aligned within the LAA to enable a joint planning and commissioning process. There will be two separate processes

- Bradford Council will manage funding requests over £10,000
- CNet (Bradford Community Empowerment Network) will manage requests up to £10,000, on a rolling process.

This is not a grant giving process, it is an outcome and target led approach to delivering the LAA. Applicants will therefore have to demonstrate which of the priority outcomes and targets they aim to contribute to.

Voluntary Action Sheffield presented VCS Representation and the Strategic

Commissioning Process for Children's Services in Sheffield, providing an up to date picture of the strategic commissioning framework, highlighting the VCS representation at all levels and the strategic commissioning priorities. Also gave an overview of the cyclical process of commissioning and VCS involvement in identification of need and delivery in Sheffield.

Contact: Sue Castle, Planning and Partnerships at Voluntary Action Sheffield on 01142493360 (ext 184) or s.castle@vas.org.uk

Doncaster Council for Voluntary Services (CVS) Social Enterprise Development Team - provides specialist support to help social enterprises with business support, including: legal structures, marketing, financial planning, training and support on tenders and contracts. Also gave an overview of the Doncaster Community and Social Enterprise Partnership which is an independent network which activities include events, information sharing, good practice dissemination and a voice for the sector (www.doncastercsep.org.uk) and other developments including links being made with Doncaster MBC Procurement team, an event with NHS commissioners and a South Yorkshire Task Force (involving Voluntary Action Sheffield and contractors from the 4 Local Authorities – Sheffield, Doncaster, Barnsley and Rotherham).
Contact: Judith Smith at Doncaster CVS on 01302 343300 or jsmith@doncastercvs.org.uk

West Yorkshire Social Enterprise Link is a Yorkshire Forward funded support programme delivering services in three key areas: Procurement, Clusters and Events / Communication. Also producing, in partnership with Charities Information Bureau, a fact sheet on ‘Resources to Support Funding Diversification’
Contact: Paula Denison, Procurement Advisor on 07714097544, or Paula.Denison@blwy.co.uk

Sheffield Community Enterprise Development Unit (SCEDU) presented the ‘Tender Readiness Toolkit’. The toolkit is aimed at organisations looking to get into procurement. It is an internal awareness toolkit to benchmark an organisations ability to enter the procurement agenda. It comprises a series of in-house assessment tools to help you identify what areas of your business might need addressing, and what measures you might need to have in place in order to bid for Tenders.
Contact: Jeff Sorrell, on 01142814168, or sdt@scedu.org.uk, or www.scedu.org.uk

And from outside the region...Nottingham

In Nottingham the LAA Block D: Economic Development and Enterprise has an outcome to ‘support local suppliers to win public sector procurement contracts’. The indicator is number of Nottingham VCS suppliers providing goods / services over the value of £100,000. Nottingham Community Voluntary Service Change Team is the lead agency with Nottingham City Council. Extract of Nottingham LAA below.

<u>Nottingham LAA – BLOCK D: Economic Development and Enterprise</u>				
<u>Outcome to be delivered:</u>				
Supporting local suppliers to win public sector procurement contracts.				
<u>Proposed Indicators</u>	<u>Proposed Targets</u>			
EDE4:	<u>Baseline</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
<ul style="list-style-type: none"> Number of Nottingham VCS suppliers providing goods/services over the value of £100,000 to Nottingham City Council (without LEGI) 	40	41	42	43
<u>Interventions / Actions</u>				
<ul style="list-style-type: none"> Local Supplier events Gearing up local business for E-procurement Early notification of tendering opportunities Simplification of procurement processes Work to train businesses on how to tender Work with the VCS and Social Enterprise to deliver contracts 				

Partnerships / Agency Responsible for Delivery

Nottingham City Council (and other public sector organisations)

Nottingham CVS and the Change Team

Contact: Lead Officer - Simon Green, Service Director, Economic Development, Nottingham City Council. Tel: 0115 9155486

Nottingham CVS Change Team is also involved in crucial work around LAA commissioning processes. There is a clear expectation that through the implementation of the Nottingham LAA there will be an increase in opportunities for the VCS to be delivery agents. To achieve this across all 4 Blocks of the LAA the Change team are:

- Supporting commissioning agencies to develop models for commissioning services that enable VCS organisations to hold contracts
- Promoting the contribution the VCS can make in public service delivery
- Working to build the capacity of the VCS to develop standards, systems and skills required to become 'fit for purpose' in bidding and winning contracts

Other related activity ...

- **The Procurement Support Project based at Voluntary Action Sheffield and SCEDU, funded by Change Up:** focus on enabling VCS groups to win contracts and deliver public services. Activity includes:

- talking with procuring agencies in the region about how they commission and tender out for services, with a view to making processes clearer and more accessible to the VCS
- running workshops / presentations to disseminate this information
- working with VCS groups to assess how 'contract ready' they are and what is needed to develop in order to tender for and win contracts

Contact: Jo Henderson at Voluntary Action Sheffield, on j.henderson@vas.org.uk

- **Funding Diversification Project, lead agency Charities Information Bureau, funded by Change Up:** a strategic sub-regional collaboration to provide support to the VCS engaged in diversifying income, commissioning, procurement, income generation activity and planning for sustainability

- **NACVS Survey of Local Commissioning and Procurement:** asking questions around; changing grant aid and the move towards competitive tendering, is the VCS forming partnerships to win contracts, does the VCS know where to get information about contract opportunities, Local Authority consultation on services / needs and the use of the Compact as a basis of good practice in commissioning. Initial findings include:

- In 50% of areas local procurement officers are in touch with VCS
- In 65% of areas Local Authority commissioners frequently seek views of the VCS (in relation to Children and Young People's Services)
- In 45% of areas the VCS has won contracts by forming partnerships or consortia
- 50% of Local Area Agreements are using the core indicator which measures the increase in public services delivered by the VCS – but this means 50% are not

Other bad news includes that 90% of respondents said most VCS organisations do not know where tenders are advertised and some VCS organisations have failed to win contracts because the funder wanted a bigger contract size than the local VCS organisation could fulfil.

However the survey highlighted good practice from Rotherham CVS working with the local public sector to look at ways of ensuring the VCS has the best chance to compete, supporting the development of consortia and exploring legitimate ways of framing tenders so that they advantage the local VCS.

Contact: NACVS on www.nacvs.org.uk

Tools and Signposts

➤ **Where to find out about tenders**

- West Yorkshire Social Enterprise Link tender alert email newsletter from April 2006
- Local Authority websites
- www.counciltenders.net (unfortunately not used by all Local Authorities)
- Contrax is a weekly subscription service (£400 per year)
- Tenders Electronic Daily (TED) free service
- New government portal coming soon
- Buy Local

➤ **Useful Reading:**

‘Think Smart..Think voluntary sector: good practice guidance on procurement of services’ (Home Office Active Communities / Office of Government Commerce)

The primary focus of this guidance is to improve the participation of the voluntary and community sector in public service contracts, however it is also highly relevant to procurement relationships with small and medium size enterprises.

‘National Procurement Strategy for Local Government’

The Strategy sets out ways to help Local Authorities deliver their strategic objectives and improve front-line services to the public through improved procurement practices.

<http://www.odpm.gov.uk/index.asp?id=1136697>

‘Small Business Friendly Concordat’

The Small Business Friendly Concordat is a voluntary, non statutory code of practice. The purpose of the concordat is to set out what small firms and others supplying local government can expect when tendering for Local Authority contracts.

http://www.odpm.gov.uk/pub/699/SmallBusinessConcordatGoodPracticeGuidePDF270Kb_id1136699.pdf

‘The role of VCS in public Service Delivery – a cross cutting review’

This report provides a template for how government and the voluntary and community sector should work together. Key aspects of the review have been; understanding the variety of ways the sector can be involved in the service delivery agenda, identifying barriers that the sector faces and developing an approach to tackling these issues.

<http://www.hm-treasury.gov.uk>

‘The Gershon Efficiency Review’

Sir Peter Gershon was appointed in August 2003 to lead this review (informally known as the Gershon Review). The review drew on existing public and private sector best practice to identify sustainable efficiencies in the public sector’s procurement, policymaking and corporate service functions. The recommendations were published alongside the Spending Review 2004.

<http://www.hm-treasury.gov.uk>

http://www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_efficiency.cfm

‘Winning Public Sector Contracts’

This briefing paper by Business Link, is mostly for small and medium sized enterprises, but also perfectly suitable for voluntary and community sector organisations.

<http://www.businesslink.gov.uk>

‘Successful Delivery Toolkit’

The Office of Government Commerce has produced a comprehensive toolkit for Government procurement professionals – and should in itself help to overcome many of the problems faced by the voluntary and community sector in the successful delivery of service contracts.

<http://www.ogc.gov.uk/sdtoolkit>

➤ **Useful websites:**

Office of the Deputy Prime Minister
<http://www.odpm.gov.uk>

HM Treasury
<http://www.hm-treasury.gov.uk>

Local Government Association
<http://www.lga.gov.uk>

Audit Commission
<http://www.audit-commission.gov.uk>

I&Dea (Improvement and Development Agency)
<http://idea.gov.uk>

Centre for Public Services (includes best practice around procurement and commissioning)
<http://www.centre.public.org.uk>

Office of Government Commerce
<http://ogc.gov.uk>

3 examples of Local Authority procurement websites (including procurement unit information and procurement / commissioning policies)

Hull City Council - <http://www.hullcc.gov.uk>

Leeds City Council - <http://www.leeds.gov.uk>

Sheffield City Council - <http://www.sheffield.gov.uk>

National Association of Council for Voluntary Services (NACVS)
<http://www.nacvs.org.uk>

Regional Forum
<http://www.regionalforum.org.uk>

Business Link
<http://www.businesslink.gov.uk>