

# The Future Role of the Voluntary and Community Sector in Bolton: Working Towards a Shared Vision

## Summary Paper

### 1. Introduction

Bolton has a strong and diverse voluntary and community sector (VCS) which contributes enormously to the locality. In September 2006, Bolton CVS organised a consultation event to feed the sector's views into central Government's review of the third sector's role in social and economic regeneration. Following this, Bolton's public and VCS partners have agreed to take a look at the future role of the VCS in Bolton. In particular, the sector's role in: empowering local people and communities; influencing local decision making; and shaping the delivery of future services. The 'future role' project is an opportunity for Bolton's public and VCS partners to:

- explore the role of the VCS in Bolton and its relationship with the public sector;
- work toward developing a shared vision for the future; and
- identify actions to achieve this.

This paper provides an overview of the national policy context for the future role project and provides examples of work going elsewhere to address similar issues.

### 2. Context

A greater mix of service provision is being sought to ensure that public services keep pace with the changing and diverse needs of society. Voluntary and community organisations (VCOs), with their local knowledge and inclusive approach to user involvement, have been identified as important partners of this mix of provision. Not just as potential **providers** of services offering greater choice to service users in future. But also, as **advocates** on behalf of marginalised groups within the community and as **advisers** on service design and the needs of service users.

### 3. Background and Recent Policy Development

#### 3.1 Partnership

In response to the changing relationship between the VCS and the public sector, the **Compact**<sup>1</sup> was signed in 1998. The Compact is an agreement between central Government and the VCS. It sets out undertakings on both sides. Including recognition of the sector's independence and its right to campaign, comment on and challenge Government policy, irrespective of any funding relationship, and to manage its own affairs. Subsequent Compact codes have been produced to clarify other important aspects of the voluntary/public sector relationship<sup>2</sup>.

**Local Strategic Partnerships** (LSPs), set up to develop comprehensive Community Strategies and encourage more joined up responses to local needs, have become important local planning mechanisms. All LSPs should involve the VCS alongside other public and private sector agencies. In general, they have increased the level and quality of dialogue between VCS and local public sector partners, although the degree

of engagement varies enormously. **Local Area Agreements**(LAAs), which form the delivery plans underpinning Community Strategies, are now being developed through LSPs. LAAs form an agreement between the local authority and central government to deliver on targets in key service areas. All LAAs include a statement of community involvement, however the extent of involvement varies, as it does in the partnerships developing them. Areas where LSPs have robust and systematic engagement of the VCS have tended to be better at maintaining and building on this engagement in the development of their LAA

### 3.2 **Public Service Delivery**

In 2002 the Treasury conducted a review of the role of the VCS in public service delivery. This review identified areas where the VCS may have the potential to deliver more effectively than other public or private sector providers, particularly to certain client groups or communities. Crucial qualities underpinning this potential include: strong user focus/access to the community; areas of specialist knowledge and experience; independent structures allowing for innovation; and relative freedom from institutional pressures resulting in greater responsiveness. Recognising the sector's potential in relation to public service reform, this review resulted in:

- The **ChangeUp** programme of investment in VCS infrastructure<sup>3</sup>.
- Acceptance of **Full Cost Recovery**<sup>4</sup> where public services are being delivered.
- Full implementation of the **Compact** including development of local Compacts
- The creation of **Futurebuilders** - providing loans, grants and professional support to organisations with the opportunity and potential to deliver public services.

The **Gershon** public sector efficiency review echoed some of the Treasury's messages, making the case for: multi-year funding agreements and full cost recovery; better assignment of risk between VCOs and statutory bodies when contracting; and streamlined monitoring and reporting requirements. The pressure on public sector agencies to make cashable savings as a result of this review has limited their ability to take on board these recommendations. However, many have tried to protect VCS partners from ensuing cuts, especially where the dialogue between sectors is good and where public sector partners recognise the added value of the VCS, not least in leveraging in resources from elsewhere.

The Office of the Third Sector published its Public Services and Social Enterprise Action Plans in 2006. The **Public Services Action Plan** identified a number of service areas where there is potential for increased VCS delivery<sup>5</sup>. It also identified core principles for public sector commissioners which include:

- putting outcomes for users at the heart of strategic planning processes;
- engaging with third sector organisations as advocates when identifying needs;
- consulting with potential providers when setting priority outcomes for services;
- considering investment in the capacity of the provider base (particularly those working with hard-to reach groups); and

Key themes identified for infrastructure support were: Performance Improvement, Workforce Development, Governance, Finance, ICT, Volunteering.

The principle that VCOs can legitimately recoup full costs (including direct costs and an appropriate proportion of associated overhead costs) where they deliver public services on behalf of the public sector.

These include: offender management, employment and training, parenting support, health and social care, community transport, waste management, and Supporting People services.

- ensuring contracting processes facilitate involvement of the broadest range of suppliers (including through subcontracting and consortia where appropriate).

Several government departments (including the Department for Education & Skills (DfES), the Department of Health (DH) and the Home Office) are working to address service reform and approaches to commissioning as part of this. Greater citizen engagement and the need for more joined up approaches are key themes. Joint planning and commissioning frameworks are highlighting the need for provider diversity and a shift to more preventative services.

The ***Social Enterprise Action Plan*** aims to improve opportunities for Social Enterprises<sup>6</sup> to expand their role in the economy. The action plan includes a commitment to raise awareness of social enterprise across the public sector and to create a £10m Social Enterprise Investment Fund. Improving public sector procurement strategies and including social and environmental clauses in service specifications and contracts are seen as important ways to encourage social enterprise.

### **3.3 *Civil Renewal and Community Capacity Building***

Falling electoral turn out and the relative lack of diversity amongst those prepared to take representative roles within the community (eg. as local councillors) have sparked concern about the nature of UK democracy. This has provoked a range of policies designed to increase participation and active citizenship (eg. through volunteering initiatives). Government's community capacity building review, conducted in 2003, highlighted the need to fully involve citizens and communities in realising government objectives. It also recognised the need to enhance skills, abilities, knowledge and confidence of people and community groups if they were to engage effectively. The framework resulting from this review<sup>7</sup> advocated a community development approach and support for community anchor organisations which provide a focal point and capacity building support for the local community sector. Local action planning and stronger collaboration through partnerships at all levels were also identified as priorities. Unlike the review of public service delivery, this Home Office framework did not come with any additional resources. Whilst it has clearly influenced some policy thinking it is hard to say what real impact it has had.

### **3.4 *Third Sector Review***

As part of the 2007 Comprehensive Spending Review the Treasury and the Office of the Third Sector (OTS)<sup>8</sup> are conducting a joint review of the role of the third sector in social and economic regeneration. This review highlights the sector's role in: building social capital; providing community services; promoting participation and empowerment; and contributing to local regeneration. The interim report identifies that Government needs to understand better when to offer contracts, investment support and grant funding. The final report due in Summer will address: voice and campaigning; communities; public services; social enterprise; and a healthy third sector.

Social enterprise refers to business activities which have social objectives, where any profits made are reinvested in the business rather than distributed to shareholders. Some organisations identify themselves as Social Enterprises, however, many VCOs engage in social enterprise activity – as a way to diversify their income. Together with what has traditionally been seen as the VCS, Social Enterprises make up the more broadly defined 'third sector'.

*Firm Foundations: The Government's Framework for Community Capacity Building*  
Home Office Civil Renewal Unit (December 2004)

### **3.5    *The Local Government White Paper***

Citizen engagement and the responsiveness local services are key themes at the heart of this most recent White Paper<sup>9</sup>. It emphasises the place-shaping role of the local authority as the key player in bringing partners together to respond to issues in locally appropriate ways. The White Paper calls for: more systematic engagement of the VCS in LSPs and LAAs; recognition of the sector's role in providing voice for local and often marginalised communities; a level playing field between the third sector and mainstream providers of public services; longer-term funding for activities within the sector; improvement of commissioning processes (including greater involvement of local citizens and the local VCS in commissioning decisions); and increased opportunities for community ownership and management of assets. The White Paper also states a belief that grants, as well as contracts, have a crucial role and should be used where appropriate, particularly in relation to small community groups and capacity building activities.

### **3.6    *The City Region agenda***

A proposal has been put forward, led by the Association of Greater Manchester Authorities (AGMA), for Greater Manchester to become a City Region. New structures, including an Executive Board and a number of issue specific strategic boards would supersede the Greater Manchester Forum which was set up in 2003 to take forward the Greater Manchester Strategy. Greater Manchester Council for Voluntary Organisations (GMCVO) is the VCS representative on the Forum and would have a place on the various boards within the new proposed structures. The creation of a Greater Manchester City Region would mean a greater degree of collaboration between the local authorities in the sub-region. Similarly, the agenda is likely to necessitate a greater degree of collaboration between VCOs; in particular those with an infrastructure role in supporting and representing the sector. These groups, including Bolton CVS, are already working together as part of a ChangeUp consortium to strengthen infrastructure support. GMCVO is also doing some interesting work on consortium and sub-contracting models for VCS service delivery in the sub-region.

## **4        Some key themes and issues in the current debate**

**4.1    *VCOs' multiple roles in relation to service delivery*** - VCOs have a number of legitimate roles in relation to local service delivery as: advocates; advisors; and providers. This might include representing different groups within the community, facilitating direct service user or community engagement, or advising on what service approaches do and do not work for particular client groups. In some cases VCOs might also be best placed to deliver the whole service or a part of it (eg. to a particular group within the community) through a sub-contracting arrangement with a larger partner. In other cases, a group of VCOs might come together as a consortium to provide a service to the whole community. These approaches can bring the advantage of local knowledge and connections and the added value of local community engagement. Some public sector commissioners are looking at ways in which commissioning processes can take these opportunities into account.

**4.2    *The bigger picture*** – VCOs may have the potential to engage in and influence local decision making and in some cases deliver public services, but the sector is about

Created within the Cabinet Office following the last general election, the OTS combines the functions of what used to be the Home Office Active Communities Unit and the Social Enterprise Unit within the Department for Trade & Industry.

much more than this. The existence of VCOs and the work that they do within and across communities is an important part of the social and cultural fabric of our society. A healthy VCS has significant benefits for society as a whole, in terms of activity and social capital within communities. It is important therefore that funding is maintained for the wide range VCS activities. The current policy climate places small and medium sized organisations and community groups (including those emerging from BME communities) at risk of being overlooked. These organisations play an important part in building community and responding in appropriate ways to their members and beneficiaries. They can also be the ones to recognise and respond to the service needs of the future long before they are realised as priorities by public sector partners. Local authorities who accept their place-shaping role are having to think carefully about how they can nurture an active and healthy VCS, encourage engagement and ensure that locally appropriate service markets exist for the future.

**4.3 The engaged funder** - The financial relationship between the public and third sectors is of critical importance to both. On the one hand public sector funders need to ensure that they are spending public money effectively. On the other, VCOs want to be able to maintain their independence from government, to develop and grow in accordance with their own objectives and be flexible and responsive to the needs of the client groups or communities they work with. An increased understanding of the sector and how it operates can help public sector funders to ensure that both of these are achievable. It takes a degree of awareness to ensure that funding practices are positive ones which promote growth and development in the sector and which meet mutually held objectives for the organisations concerned and ultimately for the local community. Local public sector agencies, and local authorities in particular, have a degree of freedom to decide what kind of funder they want to be; and therefore, the impact they will have on the VCS as a consequence.

**4.4 A healthy funding mix** - Julia Unwin<sup>10</sup> (now Chief Executive of the Joseph Rowntree Foundation) describes three modes of funding which a funder might utilise: giving (ie. grant funding); investing (support for capacity building and infrastructure); and shopping (for the purchase of specific services). Each of these modes is appropriate in different circumstances dependant on the desired outcome of the funder. Those who advocate on behalf of the VCS, including NAVCA<sup>11</sup>, believe that a mix of these modes of funding is essential to the maintenance of a healthy, active sector in any locality. The interim report of the Third Sector Review (of the sector's role in social and economic regeneration) recognises that government needs to understand better when contracts, investment and grant funding are most appropriate. These issues are critically important to the maintenance of a healthy and active sector at the local level.

## 5. Insight into approaches being taken elsewhere

Below are some examples of actions which are being taken in other local areas to address some of these policy issues:

### 5.1 VCS Strategies and Action Plans

Several authorities have developed VCS strategies or action plans. These include commitments to:

- raise awareness in the council of the role and potential of the VCS;
- identify an appropriate lead portfolio holder for VCS policy/issues;
- establish an up-to date database of voluntary organisations;
- work with the sector to develop a commissioning strategy;
- promote the Compact within the council and amongst other statutory bodies;
- review voluntary sector input into the LSP to ensure active engagement;
- work with the CVS to raise the sector's profile in the council and LSP;
- review grant making arrangements;
- encourage and facilitate people to volunteer;
- support capacity building work through commissioning processes, community development, funding provision and access to external support;
- work with the sector to develop better ways of measuring its impact;
- encourage business support agencies to offer support to social enterprises;
- develop opportunities for greater VCS involvement in meeting LAA targets;
- develop standards for organisations wishing to be partners with the council;
- work with those representing marginalised communities to build effective partnerships, clearer consultation and encourage innovative delivery;
- promote and support community anchor organisations;
- encourage citizenship and community engagement through neighbourhood management;
- ensure that funding is focused on outcomes for communities;
- ensure that the Compact funding code is mainstreamed across the council;
- promote trust and confidence in the relationship between the council and VCS

### 5.2 VCS Commissioning Frameworks

Several local authorities are working on the development of VCS commissioning frameworks which take a supportive approach to engaging the local sector throughout the commissioning cycle. Some are generic frameworks focusing on the sector. Others are service specific (eg. for children's services or Supporting People) where there is significant potential for VCS delivery. There are a number of common issues which local partners are having to address in developing these frameworks. These include:

- **Longer term contracts/funding** –to encourage stability within the sector and enable better planning and delivery.
- **Full Cost Recovery** – to avoid project failure and encourage stable, well managed organisations with development capacity.
- **Greater emphasis on outcome rather than process** – there is strong recognition that commissioning and evaluation processes should focus more on 'what' is to be achieved rather than 'how' it is to be achieved.

- **Streamlining regulation and monitoring** – to minimise the time required for service monitoring and maximise the time devoted to delivery.
- **Data management and market intelligence** – to aid communication with regard to engagement and delivery opportunities and to ensure that the widest possible range of organisations are aware of these.

Some local areas are conducting comprehensive mapping exercises to identify the extent of the local sector. Some are using this information to develop a comprehensive local information portal using **Uniservity** software. In other some cases databases are being linked to accreditation processes to develop approved provider lists.

### **5.3 Procurement Support Projects**

There are a number of procurement support projects emerging around the country. These aim to improve third sector access to the procurement process, identify and remove barriers to third sector delivery and encourage the simplification of documents and processes. These projects tend to include:

- support or mentoring of local VCS providers from public sector commissioners;
- activities designed to assess 'tender readiness' or 'fitness for purpose';
- work with groups of organisations to enable them to work collaboratively and scale up for service delivery;
- tools to help measure financial, social and environmental impact;
- exploration of the use of social clauses and wider community outcomes in service specifications and contracts;
- work with Futurebuilders to identify organisations with public service delivery potential that may be eligible for capacity building grants and support.

A number of these projects include capacity building posts within the local CVS to encourage VCS participation. For example, Salford PCT has funded work with 6 organisations to get them 'procurement ready'

### **5.4 Commonly identified training and support needs**

There are some commonly identified training and support needs emerging from these activities. These include:

- Public sector commissioning skills and understanding of what is allowable within financial regulations.
- VCS understanding of public sector procurement and commissioning processes.
- VCS skills in developing proposals and responding to tender documents.
- Support for the sector to develop collaboration and consortia where appropriate.
- Developing a common understanding of full cost recovery
- VCS expertise in costing projects properly and pricing their services accordingly.
- Development of skills and understanding on both sides in relation to identifying and measuring outcomes.
- Support for VCOs to improved governance and accountability.
- Improved negotiation skills on both sides of the relationship.